quest of parties interested the public hearing heretofore set in this investigation to be held on January 7, 1937, is hereby *postponed until* February 2, 1937.

By order of the United States Tariff Commission this 21st day of December 1936.

[SEAL] SIDNEY MORGAN, *Secretary.*

[F. R. Doc. 3916—Filed, December 22, 1936; 9:58 a. m.]

Thursday, December 24, 1936 *No. 202*

PRESIDENT OF THE UNITED STATES.

EXECUTIVE ORDER

USE OF VESSELS FOR ICE-BREAKING OPERATIONS IN CHANNELS AND HARBORS

By virtue of the authority vested in me as President of the United States it is hereby ordered as follows:

1. The Coast Guard, operating under the direction of the Secretary of the Treasury, is hereby directed to assist in keeping open to navigation by means of ice-breaking operations, in so far as practicable and as the exigencies may require, channels and harbors in accordance with the reasonable demands of commerce; and to use for that purpose such vessels subject to its control and jurisdiction or which may be made available to it under paragraph 2 hereof as are necessary and are reasonably suitable for such operations.

2. The Secretary of War, the Secretary of the Navy, and the Secretary of Commerce are hereby directed to cooperate with the Coast Guard in such ice-breaking operations, and to furnish the Coast Guard, upon the request of the Commandant thereof, for this service such vessels under their jurisdiction and control as in the opinion of the Commandant, with the concurrence of the head of the Department concerned, are available and are, or may readily be made, suitable for this service.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
December 21, 1936.

[No. 7521]

[F. R. Doc. 3930—Filed, December 22, 1936; 3:23 p. m.]

EXECUTIVE ORDER

CHARLES SHELDON ANTELOPE RANGE

Nevada

By virtue of and pursuant to the authority vested in me as President of the United States and by the act of June 25, 1910, ch. 421, 36 Stat. 847, as amended by the act of August 24, 1912, ch. 369, 37 Stat. 497, it is ordered as follows:

SECTION 1. Executive Order No. 7178 of September 6, 1935, which reserved and set apart certain lands in Oregon and Nevada as the Hart Mountain Game Range, is hereby revoked as to the following-described lands in Nevada:

MOUNT DIABLO MERIDIAN

T. 45 N., R. 22 E., secs. 1, 2, and 3; secs. 10 to 15, inclusive; and secs. 19 to 36, inclusive;
T. 46 N., R. 22 E., secs. 1 to 18, inclusive; secs. 22 to 27, inclusive; and secs. 34, 35, and 36;
T. 47 N., R. 22 E., all;
Tps. 43 to 47 N., inclusive, R. 23 E., all;
Tps. 46 and 47 N., R. 23½ E., unsurveyed, all;
Tps. 43 to 45½ N., inclusive, R. 24 E., all;
Tps. 46 and 47 N., R. 24 E., partly unsurveyed, all;
Tps. 43 and 44 N., R. 24½ E., all;
Tps. 43 to 47 N., inclusive, Rs. 25 and 26 E., partly unsurveyed, all;
Tps. 46 and 47 N., R. 27 E., partly unsurveyed, all;
T. 46 N., R. 28 E., secs. 5 to 8, inclusive; secs. 17 to 20, inclusive; and secs. 29 to 32, inclusive;
T. 47 N., R. 28 E., secs. 19 and 20, and secs. 29 to 32, inclusive, unsurveyed; aggregating approximately 539,000 acres.

SECTION 2. Subject to the conditions expressed in the above-mentioned acts and to all existing valid rights, the lands described in section 1 of this order are hereby withdrawn from settlement, location, sale, or entry and reserved and set apart for the conservation and development of natural wildlife resources and for the protection and improvement of public grazing lands and natural forage resources: *Provided,* That nothing herein contained shall restrict prospecting, locating, developing, mining, entering, leasing, or patenting the mineral resources of the lands under the applicable laws: *Provided further,* That any lands within the described area that are otherwise withdrawn or reserved will be affected hereby only so far as may be consistent with the uses and purposes for which such prior withdrawal or reservation was made: *And provided further,* That upon the termination of any private right to, or appropriation of, any public lands within the exterior limits of the area included in this order, or upon the revocation of prior withdrawals unless expressly otherwise provided in the order of revocation, the lands involved shall become a part of this preserve.

SECTION 3. This range or preserve, so far as it relates to conservation and development of wildlife, shall be under the joint jurisdiction of the Secretaries of the Interior and Agriculture, and they shall have power jointly to make such rules and regulations for its protection, administration, regulation, and improvement, and for the removal and disposition of surplus game animals, as they may deem necessary to accomplish its purposes, and the range or preserve, being within a grazing district duly established pursuant to the provisions of the act of June 28, 1934, ch. 865, 48 Stat. 1269, as amended by the act of June 26, 1936, Public No. 827, 74th Congress, shall be under the exclusive jurisdiction of the Secretary of the Interior so far as it relates to the public grazing lands and natural forage resources thereof: *Provided, however,* That the natural forage resources therein shall be first utilized for the purpose of sustaining in a healthy condition a maximum of three thousand five hundred (3,500) antelope, the primary species, and such nonpredatory secondary species in such numbers as may be necessary to maintain a balanced wildlife population, but in no case shall the consumption of forage by the combined population of the wildlife species be allowed to increase the burden of the range dedicated to the primary species: *Provided further,* That all the forage resources within this range or preserve shall be available, except as herein otherwise provided with respect to wildlife, for domestic livestock under rules and regulations promulgated by the Secretary of the Interior under the authority of the aforesaid act of June 28, 1934, as amended: *And provided further,* That land within the exterior limits of the area herein described, acquired and to be acquired by the United States for the use of the Department of Agriculture for conservation of migratory birds and other wildlife, shall be and remain under the exclusive administration of the Secretary of Agriculture and may be utilized for public grazing purposes only to such extent as may be determined by the said Secretary to be compatible with the utilization of said lands for the purposes for which they were acquired as aforesaid under regulations prescribed by him.

SECTION 4. This preserve shall be known as the Charles Sheldon Antelope Range.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
Dec. 21, 1936.

[No. 7522]

[F. R. Doc. 3932—Filed, December 22, 1936; 3:23 p. m.]

EXECUTIVE ORDER

HART MOUNTAIN ANTELOPE REFUGE

Oregon

By virtue of and pursuant to the authority vested in me by the act of June 25, 1910, ch. 421, 36 Stat. 847, as amended

by the act of August 24, 1912, ch. 369, 37 Stat. 497, and as President of the United States, it is ordered as follows:

SECTION 1. Executive Order No. 7178 of September 6, 1935, which reserved and set apart certain lands in Oregon and Nevada as the Hart Mountain Game Range, is hereby revoked as to the therein-described lands in Oregon.

SECTION 2. The public lands in the following-described area in Lake County, Oregon, are hereby withdrawn from settlement, location, sale, or entry and reserved and set apart for the use of the Department of Agriculture, subject to existing valid rights, as a range and breeding ground for antelope and other species of wildlife:

WILLAMETTE MERIDIAN

T. 35 S., R. 25 E., E½ sec. 1, secs. 11 to 15, E½ sec. 16, E½ sec. 20, secs. 21 to 28, E½ sec. 29, E½ sec. 32, secs. 33 to 36 inclusive.
T. 36 S., R. 25 E., secs. 1 to 5, 8 to 36 inclusive.
T. 37 S., R. 25 E.
T. 33 S., R. 26 E., S½ sec. 25, S½ sec. 35, sec. 36.
T. 34 S., R. 26 E., secs. 1 and 2, E½ sec. 10, secs. 11 to 15, E½ sec. 16, E½ sec. 20, secs. 21 to 29, secs. 31 to 36 inclusive.
Ts. 35 to 37 S., R. 26 E.
T. 33 S., R. 27 E., secs. 1 to 3, secs. 9 to 16, secs. 20 to 36 inclusive.
Ts. 34 to 37 S., R. 27 E.
T. 33 S., R. 28 E.

SECTION 3. The reservation made by this order supersedes as to any of the above-described lands affected thereby the temporary withdrawal for classification and other purposes made by Executive Order No. 6910 of November 26, 1934, as amended.

SECTION 4. This refuge shall be known as the Hart Mountain Antelope Refuge.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
December 21, 1936.

[No. 7523]

[F. R. Doc. 3931—Filed, December 22, 1936; 3:23 p. m.]

TREASURY DEPARTMENT.

Bureau of Customs.

[T. D. 48711]

CUSTOMS REGULATIONS AMENDED—INTOXICATING LIQUORS, ETC.

VARIOUS ARTICLES OF CUSTOMS REGULATIONS OF 1931 AMENDED TO OUTLINE REQUIREMENTS RESPECTING CUSTOMS TREATMENT OF ALCOHOLIC LIQUORS, ETC.

To Collectors of Customs and Others Concerned:

By virtue of and pursuant to the authority vested in the Secretary of the Treasury, including the authority conferred by section 251 of the Revised Statutes, section 11 of the act of March 1, 1879, and section 624 of the Tariff Act of 1930 (U. S. C., title 19, secs. 66, 467, and 1624), the Customs Regulations of 1931 are amended as follows:

The caption of article 121 is amended to read as follows:

ART. 121. *Inward foreign manifest—Contents and form—Certificate of importation—Alcoholic liquors on vessels not exceeding five hundred net tons.*

Article 121 is further amended by adding the following new paragraphs:

(m) United States Code (1934 ed., supp. I), title 19, section 1707:

In addition to any other requirement of law, every vessel, not exceeding five hundred net tons, from a foreign port or place, or which has visited a hovering vessel, shall carry a certificate for the importation into the United States of any spirits, wines, or other alcoholic liquors on board thereof (sea stores excepted), destined to the United States, said certificate to be issued by a consular officer of the United States or other authorized person pursuant to such regulations as the Secretary of State and the Secretary of the Treasury may jointly prescribe. * * * (Aug. 5, 1935, c. 438, Title I, sec. 7, 49 Stat. 520.)

(n) Each certificate of shipment shall include only one shipment from one consignor to one consignee or firm of consignees, by the same vessel. The certificates of shipment shall be issued in triplicate, the triplicate to be promptly transmitted by the certifying officer to the collector of customs at the port of entry named in the certificate. At the time of the production and deposit of the manifest with the collector of customs, the original shall be produced and deposited by the master with the collector, to be filed at the customhouse together with the triplicate [T. D. 47886].

Paragraph (c) of article 142 is amended to read as follows:

(c) Vessels not exceeding five hundred net tons with alcoholic liquors aboard arriving in distress will be subject to the provisions of articles 121 (m) and (n) and 150 of these regulations.

Article 150 is amended by redesignating paragraphs (d) and (e) as (e) and (d), respectively, and the redesignated paragraph (e) is amended to read as follows:

(e) (1) United States Code (1934 ed., supp. I), title 19, section 1707:

In addition to any other requirement of law, every vessel, not exceeding five hundred net tons, from a foreign port or place, or which has visited a hovering vessel, shall carry a certificate for the importation into the United States of any spirits, wines, or other alcoholic liquors on board thereof (sea stores excepted), destined to the United States, said certificate to be issued by a consular officer of the United States or other authorized person pursuant to such regulations as the Secretary of State and the Secretary of the Treasury may jointly prescribe. Any spirits, wines, or other alcoholic liquors (sea stores excepted) found, or discovered to have been, upon any such vessel at any place in the United States, or within the customs waters, without said certificate on board, which are not shown to have a bona fide destination without the United States, shall be seized and forfeited and, in the case of any such merchandise so destined to a foreign port or place, a bond shall be required in double the amount of the duties to which such merchandise would be subject if imported into the United States, conditioned upon the delivery of said merchandise at such foreign port or place as may be certified by a consular officer of the United States or otherwise as provided in said regulations: *Provided*, That if the collector shall be satisfied that the certificate required for the importation of any spirits, wines, or other alcoholic liquors was issued and was lost or mislaid without fraud, or was defaced by accident, or is incorrect by reason of clerical error or other mistake, said penalties shall not be incurred nor shall such bond be required * * *. (Aug. 5, 1935, c. 438, Title I, sec. 7, 49 Stat. 520.) [T. D. 47886.]

(2) *Landing bond.*—Where any shipment of spirits, wines, or other alcoholic liquors, found as above prescribed on board a vessel not exceeding five hundred net tons, is shown to have a bona fide destination without the United States, a landing bond with an authorized corporate surety or sureties, to be furnished by the master, must be required by the collector of customs, in case the shipment is not accompanied by a certificate of shipment. For the purposes of this paragraph, the United States includes all territories and possessions of the United States, except the Philippine Islands, the Virgin Islands, the Canal Zone, American Samoa, and the island of Guam [U. S. C. (1934 ed., supp. I), title 19, sec. 1709].

(3) *Form of landing bond.*—The landing bond required by this article shall be on customs Form 7593, the form of which is set forth in T. D. 47886.

(4) *Proof of landing.*—The condition of a landing bond (customs Form 7593) for the delivery of spirits, wines, or other alcoholic liquors shipped upon a vessel not exceeding five hundred net tons and destined to a port or place without the United States, shall be satisfied by the delivery to the collector of customs by whom the bond was required of a landing certificate or certificates showing that all such spirits, wines, or other alcoholic liquors on board the vessel have been landed at their destination. The landing certificate or certificates required by this paragraph to be delivered in satisfaction of a landing bond must be delivered to such collector of customs within six months from the date of the bond, and in default thereof the sum of the bond shall be forfeited to the United States or the said bond cancelled upon the payment of such lesser amount as the Secretary of the Treasury may deem sufficient.

(5) *Certification of landing by foreign revenue officer.*—A certificate of the landing of spirits, wines, or other alcoholic liquors, as prescribed in paragraph 4 above must be signed by a revenue officer of the foreign country to which the same are destined, unless it is shown to be impossible to secure the certicate of such an officer, as when the country to which the merchandise is destined has no customs administration, or when such country forbids its customs officers to sign such certificates. No verification of the signature of the revenue officer is necessary if the official seal of such officer be affixed to the certificate. If it is not possible to procure the certificate of the revenue officer, the landing certificate may be signed by the consignee or by the vessel's agent at the place of landing (consular Form 150), and in such a case the certificate should be certified by a consular officer of the United States, or if there is no such consular officer at the place of landing, it should be sworn to before a notary public or other officer authorized to administer oaths and having an official seal.

Article 418 is amended by adding the following new paragraphs:

(l) When alcoholic beverages upon which duties or duties and internal-revenue taxes are payable are imported from a contiguous country in the baggage of a bona fide tourist (resident or nonresi-

dent) the transaction shall be cleared on baggage declaration (customs Form 6059), whether or not a written declaration is otherwise required, and on informal entry (customs Form 5119) or on consumption entry (customs Form 7501), as the case may be, if imported by a person other than a bona fide tourist [B. C. L. 1107, Jan. 31, 1934].

(m) Alcoholic beverages found in passengers' baggage should be released without the placing of strip stamps on the bottles provided an affidavit is filed showing that the liquors are for personal use and not for sale or other commercial purposes. The internal-revenue tax, however, should be collected on all liquors above the exemptions specified in article 415 [B. C. L. 1275, Sept. 25, 1934].

Article 419 is amended to read as follows:

ART. 419. *Statements and deposit of collections.*—Duties and internal-revenue taxes collected on articles in passengers' baggage shall be accounted for as provided in articles 1147 and 1163½, respectively. All moneys collected shall be deposited daily with the cashier and be included in the cashier's daily receipts.

Immediately preceding article 507, add the following center heading:

DISTILLED SPIRITS, WINE, ETC.

Article 507 is amended to read as follows:

ART. 507. *Marking and stamping of spirits, wines, malt liquors, and alcoholic fruit juices in casks and similar containers.*—(a) United States Code, title 19, section 467, and Tariff Act of 1930, paragraph 804:

SEC. 467. All distilled spirits, wines, and malt liquors, imported in pipes, hogsheads, tierces, barrels, casks, or other similar packages, shall be first placed in public store or bonded warehouse, and shall not be removed therefrom until the same shall have been inspected, marked, and branded by a United States customs-gauger, and a stamp affixed to each package, indicating the date and particulars of such inspection; and the Secretary of the Treasury is authorized to prescribe the form of, and provide, the requisite stamps, and to make all regulations which he may deem necessary and proper for carrying the foregoing requirements into effect. Any pipe, hogshead, tierce, barrel, cask, or other package withdrawn from public store or bonded warehouse purporting to contain imported liquor, found without having thereon the stamp hereby required, shall be, with its contents, forfeited to the United States; * * * (Mar. 1, 1879, c. 125, sec. 11, 20 Stat. 342).

PAR. 804. Still wines, including ginger wine or ginger cordial, vermuth, and rice wine or sake, and similar beverages * * * *Provided*, That any of the foregoing articles specified in this paragraph when imported containing more than 24 per centum of alcohol shall be classed as spirits * * *.

(b) The provision in section 467 above that distilled spirits, wines, and malt liquors shall be first placed in public store or bonded warehouse is construed as directory only and such merchandise, unless otherwise required to be sent to the public store, may, in the discretion of the collector, be inspected, gauged, marked, and stamped at the place of unlading, or at another suitable place if, in the opinion of the collector, such inspection, etc., can be done there with equal facility and effectiveness.

(c) On requisition therefor a moderate supply of customs stamps for liquors in casks or similar containers will be furnished by the Department to such ports as have actual use for them. The stamps are of three kinds and colors, viz: those printed in black for imported distilled spirits, those printed in green for re-imported domestic distilled spirits, and those printed in brown for wines and malt liquors. The brown stamps will also be used for fruit juices containing alcohol or distilled spirits when imported in casks or similar containers.

(d) When the stamps are affixed to the containers they shall be filled in to show the date when issued, the name of the importer, the place from which shipped, the name of the vessel or the car number and initials, the date of arrival, the commercial name of the liquor in the container, the port of entry, the entry number, the name of the gauger, the number of wine gallons, and, in the case of distilled spirits, the number of proof gallons.

(e) Immediately after any distilled spirits, wines, malt liquors, or alcoholic fruit juices imported in casks or similar containers have been entered for consumption or warehouse or before such goods are sent under general order each container shall be carefully gauged without reference to any marks or brands already on the container and shall be marked with the serial number of the customs stamp which shall be scored or branded on the head of the container.

(f) The appropriate stamp properly filled in shall, immediately after gauging, be securely affixed to the head of each container over the spigot hole, if any. In the case of wooden containers the stamp shall be tacked with at least six tacks. After having been affixed the stamps shall be immediately cancelled with a stencil plate having five parallel waved lines long enough to extend one inch beyond each end of the stamp. A coating of transparent varnish or other suitable substance should then be applied over the stamp to protect and preserve it. If alcoholic liquors stamped as herein provided are withdrawn from customs custody for exportation the customs stamp on the container so withdrawn shall be effectively obliterated before release from such custody.

(g) The collector or, at New York, the surveyor, shall keep a record of customs stamps issued showing the officer to whom issued, stamp numbers, and date of issue, and as stamps are used he shall note on the same record the numbers used and the entry number. When all the stamps in a book have been used, the book of stubs shall be checked against the record, and an appropriate certificate signed by the checking officer shall be attached to the book of stubs which shall be filed in the collector's office.

(NOTE.—For additional marking requirements re containers see art. 643.)

Article 508 is amended to read as follows:

ART. 508. *Strip stamps—Distilled spirits imported in bottles.*—(a) United States Code, title 26, section 1152a [I. R. T. Ds. 4418, 4429, 4464, 4473, 4496, 4526, 4660].

No person shall (except as provided in section 1152b) transport, possess, buy, sell, or transfer any distilled spirits, unless the immediate container thereof has affixed thereto a stamp denoting the quantity of distilled spirits contained therein and evidencing payment of all internal-revenue taxes imposed on such spirits. The provisions of this section and sections 1152b to 1152g shall not apply to—

(a) Distilled spirits placed in a container for immediate consumption on the premises or for preparation for such consumption;

(b) Distilled spirits in bond or in customs custody;

(c) Distilled spirits in immediate containers required to be stamped under existing law;

(d) Distilled spirits in actual process of rectification, blending, or bottling, or in actual use in processes of manufacture;

(e) Distilled spirits on which no internal-revenue tax is required to be paid;

(f) Distilled spirits not intended for sale or for use in the manufacture or production of any article intended for sale; or

(g) Any regularly established common carrier receiving, transporting, delivering, or holding for transportation or delivery distilled spirits in the ordinary course of its business as a common carrier. (Jan. 11, 1934, c. 1, Title II, sec, 201, 48 Stat. 316.)

(b) All applications for the purchase of red strip stamps, internal-revenue Form 428, "Order for Stamps—Distilled Spirits Bottle Strips", will be filed in triplicate. The collector of customs who approves the Form 428 will, after approval, retain one copy and return the original and one copy to the applicant for submission to the appropriate collector of internal revenue.

(c) Strip stamps will be attached to bottles of distilled spirits for importation only as follows: (1) under supervision of a customs officer in the bonded warehouse, as prescribed by paragraph (h) of this article; (2) under the supervision of an officer abroad, assigned by the collector of customs, as prescribed by paragraph (i) of this article; or (3) by the producer or exporter in the foreign country, as prescribed by paragraph (j) of this article.

(d) Stamps prescribed by these regulations will be in the following denominations:

1 gallon.	1 pint.
½ gallon.	⅘ pint.
1 quart.	¾ pint.
⅘ quart.	½ pint.
¾ quart.	Less than ½ pint.

The price is one cent for each stamp, except that in the case of stamps for bottles of less than one-half pint, the price is one-quarter of one cent for each stamp.

(e) The importer shall have indelibly overprinted in plain and legible letters and figures on each of the strip stamps, at his expense, the name and address of the importer and the brand and kind of distilled spirits contained in the bottles, which shall, for example, be as follows: "John Doe & Co., Baltimore, Md., Gold Medal Irish Whiskey." Thereafter the importer shall submit the strip stamps to the collector of customs who will verify the overprinting, make an endorsement showing the verification on the copy of Form 428 attached to the entry, and return the strip stamps to the importer. The distilled spirits shall not be released from customs custody until such verification and endorsement have been made.

(f) The stamps must be affixed to the bottles with the use of strong adhesive glue or paste. The stamps must pass over the mouth of the bottle, extending an equal distance on two sides of the bottle. No part of the stamp shall be obscured or covered by any label or otherwise.

(g) Distilled spirits arriving in the United States, Hawaii, or Alaska from any territory or possession of the United States in which the internal-revenue laws of the United States are not in effect shall be subject to the provisions of sections 1152a to 1152g, title 26, United States Code, and regulations issued pursuant thereto, and shall, for the purposes of obtaining and affixing stamps, be treated as an importation.

(h) *Strip stamps affixed in customs bonded warehouse.*—(1) No distilled spirits imported in bottles shall be released from customs custody until there has been affixed to each bottle, under the supervision of a customs officer in a bonded warehouse, the strip stamp required by sections 1152a to 1152g, title 26, United States Code. At ports where there is no bonded warehouse, no distilled spirits imported in bottles shall be released until the strip stamps have been affixed to the bottles under the supervision of a customs officer.

(NOTE.—Shipments of distilled spirits in bonded warehouse on July 1, 1936, or covered by invoices certified prior to August 1, 1936, may be withdrawn and strip stamps sent by the importer or subsequent vendor to the vendee as prescribed by I. R. T. D. 4473) [I. R. T. D. 4464].

(2) Expenses of cartage, storage, repacking, handling, or other labor connected with the opening of cases and affixing of stamps to the bottles, shall be borne by the importer.

(3) There shall be indelibly stamped upon each case by the customs officer supervising the affixing of strip stamps to bottles, the following legend:

Port of _____, _____ _____, 193__.
(Month) (Day)

This is to certify that on this date the strip stamps required by the Liquor Taxing Act of 1934 were affixed, under my supervision, to the bottles of distilled spirits contained herein, consisting of

_____ _____
(Number of bottles) (Size of bottles)

_____
(Name)

_____
(Official designation)

(4) Rubber stamps bearing the above legend will be furnished by the Bureau of Customs upon requisition therefor.

(i) *Conditions under which importers of distilled spirits will be permitted to purchase stamps to be attached to the containers by the distiller in the foreign country who exports the spirits to this country* [I. R. T. D. 4496].—(1) The importer will make requisition on Form 428 for stamps to be sent to the foreign exporter and will attach to the Form 428 a statement setting forth the name and address of the foreign exporter and the port through which the spirits are to be imported. The Form 428, together with the statement, will be submitted to the collector of customs of the port through which the spirits are to be imported. The collector of customs will retain the statement in his files and will approve the Form 428 if he is satisfied that the stamps are required for the stamping of bottles to be imported. The importer will submit the approved Form 428 to the collector of internal revenue, who will sell the requisite stamps to the importer.

(2) The importer shall have indelibly overprinted in plain and legible letters and figures on each of the strip stamps, at his expense, the name and address of the importer and the brand and kind of distilled spirits contained in the bottles, which shall, for example, be as follows: "John Doe & Co., Baltimore, Md., Gold Medal Irish Whiskey." The importer shall submit the strip stamps to the collector of customs, who will verify the over-printing, and make an endorsement showing the verification on the statement submitted to him by the importer with the Form 428, and which was retained by the collector.

(3) The collector of customs to whom the stamps are delivered by the importer will assign an officer to the distillery in the foreign country to supervise the affixing of the stamps to the containers. The collector of customs will deliver the stamps to the officer assigned to the foreign distillery. The officer will retain the stamps in his custody, keeping them locked in a safe or other secure place provided by the distiller, the key to which shall at all times be in the possession of the officer.

(4) The officer will deliver to the distiller such stamps as may be required during bottling operations, and will personally assure himself that all stamps delivered to the distiller are affixed to the bottles filled with spirits for export to the United States.

(5) The officer supervising the affixing of the stamps to bottles at the foreign distillery will stamp the following legend upon each case:

_____ _____ _____, 193_____
(Place) (Month) (Day)

This is to certify that on this date the strip stamps required by the Liquor Taxing Act of 1934 were affixed, under my supervision, to the bottles of distilled spirits contained herein, consisting of_____
(Number of bottles)

_____
(Size of bottles)

_____
(Name)

_____
(Official designation)

This legend, when stamped on the case and filled in by the officer, may upon importation be accepted by customs officers as evidence that the bottles contained therein bear strip stamps.

(6) The actual and necessary expenses of transportation and subsistence of the customs officer assigned under authority of this paragraph shall be collected from the importer by the collector of customs.

(7) Upon entry of distilled spirits bearing strip stamps affixed under supervision of a customs officer abroad, the procedure outlined in paragraph (j) (5), (6), (7), and (8), of this article will be followed.

(j) *Strip stamps to be affixed to bottles of distilled spirits by the producer or exporter in the foreign country.* [I. R. T. D. 4526.] At the option of the importer, the following procedure may be followed in lieu of that prescribed in paragraph (h) or (i) of this article (I. R. T. Ds. 4464, 4473, and 4496).

(1) The importer, or his duly authorized agent, will make requisition on internal-revenue Form 428, in triplicate, for strip stamps to be sent to the foreign producer or exporter, and will attach thereto a statement under oath in the following form:

Port of _____

I solemnly swear (or affirm) that the stamps requested on the Form 428 to which this statement is attached, are required, and will be used, for the quantities of the brands and kinds of distilled spirits listed below, which will be imported by _____ _____, holder of I Permit No. _____,
(name and address of importer)
issued by the Federal Alcohol Administration, from _____ _____
(name and address of the foreign producer or exporter)
through the ports of _____ _____
(ports at which warehouse or consumption entries will be filed)
to supply existing orders and/or anticipated requirements within thirty days from this date.

No. of bottles	Size of bottles	Brands	Kinds

_____

Subscribed and sworn to before me this _____ day of _____, 193_____.

_____,
_____

The Form 428, in triplicate, together with the sworn statement, will be submitted to the collector of customs of the district in which the place of business of the importer, or his duly authorized agent, is located. The collector of customs will approve the Form 428 if he is satisfied that the importer is the holder of an I permit issued by the Federal Alcohol Administration, and that the stamps are required for distilled spirits to be imported to supply existing orders and/or anticipated requirements within thirty days from the date of the requisition. The importer, or his duly authorized agent, will submit the original with one copy of the approved Form 428 to the collector of internal revenue, who will sell him the strip stamps applied for, and the collector of customs will attach the retained copy of Form 428 to the sworn statement to be retained in his files.

(2) The importer, or his duly authorized agent, shall have indelibly overprinted in plain and legible letters and figures on each of the strip stamps, at his expense, the name and address of the importer and the brand and kind of distilled spirits contained in the bottles, which shall, for example, be as follows: "John Doe & Co., Baltimore, Md., Gold Medal Irish Whiskey." The importer, or his duly authorized agent, shall submit the strip stamps to the collector of customs, who will verify the overprinting and make an endorsement showing the verification on the sworn statement submitted with Form 428. After verification and endorsement on the sworn statement, the collector of customs will deliver the strip stamps to the importer, or his duly authorized agent, for transmission to the producer or exporter abroad. The collector will transmit a copy of the sworn statement to the collector of customs at each of the ports at which warehouse or consumption entries will be filed.

(3) The foreign producer or exporter will plainly and legibly mark the following legend on each case containing bottles of spirits to which strip stamps are attached:

The stamps required by the United States Liquor Taxing Act of 1934 are affixed to the bottles contained in this case, consisting of _____ bottles, each containing _____
(number) (net contents of bottles)
_____
(name of producer or exporter)

(4) Upon arrival of the distilled spirits in this country, warehouse entries and consumption entries shall have endorsed thereon by the importer, or his duly authorized agent, the following legend:

Strip stamps required by the Liquor Taxing Act of 1934 were affixed abroad. The stamps were purchased by _____
(name of purchaser)
upon a requisition aproved by the collector of customs at _____ on
(port where Form 428 was approved)
_____
(date of approval of Form 428)

(5) The collector of customs of the port at which warehouse or consumption entries are filed shall promptly notify the collector of customs who approved the requisition on Form 428, of the number and denomination of strip stamps shown by the usual customs examination to have been attached to the containers. The collector of customs who approved the requisition will credit such strip stamps against the number purchased under the Form 428 described in the endorsement on the entry referred to in paragraph 4.

(6) In the event of diversion of all or part of the spirits to a port other than that specified in the sworn statement filed with Form 428, the importer shall request the collector of customs who approved the Form 428 to transmit a copy of the statement to the collector of customs at the port to which the spirits are diverted. The collector of customs at the port to which the spirits were diverted shall promptly notify the collector of customs who approved the Form 428 of the number and denomination of strip

stamps shown by the usual customs examination to have been attached to the containers.

(7) In case any irregularities or discrepancies are found, the collector of customs at the port of entry shall make demand for redelivery of unexamined packages, and shall not release examination or redelivered packages until satisfactory explanations and/or proper corrections have been made.

(8) Any breach of these regulations, or failure to use the strip stamps within a reasonable time for the purpose for which they were procured, not satisfactorily explained to the collector of customs, will be grounds for denial of approval of further requisitions for purchase of strip stamps for affixing abroad under these regulations.

(9) Collectors of customs will furnish the Bureau of Customs on April 1, July 1, October 1, and January 1, of each year a consolidated report showing the name of the importer, number of stamps, and denomination of stamps purchased on requisitions on Form 428, approved by them, not used within ninety days from the date of approval.

(k) Imported distilled spirits having strip stamps affixed, which spirits are diverted by the importer for exportation purposes, should retain the red strip stamps while passing in transit through the United States, though under bond, but the strip stamps must be effectively destroyed at the port of exportation by the exporter under customs supervision [B. C. L. 1466, Nov. 7, 1935].

New articles designated 508/1, 508/2, 508/3, 508/4, 508/5, and 508/6 are added as follows:

ART. 508/1. *Marking of containers.*—(a) United States Code, title 26, section 1222:

Whenever in his judgment such action is necessary to protect the revenue, the Secretary of the Treasury is authorized, by the regulations prescribed by him, and permits issued thereunder if required by him (1) to regulate the size, branding, marking, sale, resale, possession, use, and reuse of containers (of a capacity of less than five wine-gallons) designed or intended for use for the sale at retail of distilled spirits (within the meaning of such term as it is used in sections 1152a to 1152g) for other than industrial use * * *. (June 18, 1934, c. 610, 48 Stat. 1020.)

(b) *Liquor bottles—Definition of.*—Internal-Revenue Regulations 13 as amended by T. R. T. D. 4641:

"Liquor bottle" shall mean any glass container for packaging distilled spirits for sale at retail, of a capacity of one-half pint or greater, conforming to these regulations and to the regulations prescribed by the Federal Alcohol Administration, the regulations in that regard promulgated by the Federal Alcohol Administration being hereby adopted as a part of these regulations.

(c) (1) *Empty bottles.*—The importation into the United States of containers of one-half pint capacity or greater for use in packaging distilled spirits for sale at retail, except in connection with the importation of the liquor contained therein, is prohibited: *Provided,* That upon application by any importer the supervisor of the district in which the port of entry is situated may in his discretion, by the issuance of an appropriate permit, authorize the importation of empty liquor bottles, or other containers, for packaging distilled spirits imported by him. There shall be blown legibly either in the bottom or in the body of all empty bottles imported under the provisions of this paragraph the name, and the name of the city of address, of the importer thereof, and there shall be blown legibly in the shoulder of each bottle the words "Federal Law Forbids Sale or Reuse of This Bottle" [I. R. Reg. 13, Revised, Apr. 1935].

(2) *Containers other than liquor bottles.*—No distilled spirits for sale at retail may be imported into the United States in containers of one-half pint capacity or greater, other than liquor bottles as defined in paragraph (b) above, unless in accordance with the terms of a permit issued, upon proper application, by the supervisor of the district in which the port of entry is situated, expressly authorizing importation in containers other than liquor bottles. The provisions of this paragraph shall not apply to the importation of distilled spirits in bulk containers of a capacity of 5 wine-gallons or greater.

(3) *Filled bottles.*—There shall be blown legibly either in the bottom or in the body of all liquor bottles containing distilled spirits imported from foreign countries the name, and the name of the city or country of address, of the manufacturer of the spirits, or of the exporter abroad, or the name, and the name of the city of address, of the importer in the United States, and there shall be blown legibly on the shoulder of each such bottle the words "Federal Law Forbids Sale or Reuse of This Bottle": *Provided,* That upon proper application the supervisor of the district in which the port of entry is situated may, in his discretion, issue a permit authorizing (a) the importation, in bottles not so marked, of vintage spirits, if accompanied by authenticated certificates of origin establishing such spirits to be as defined in Internal-Revenue Regulations 13, and (b) the importation of liqueurs, cordials, bitters, cocktails, gin fizzes, and such other specialties, as may be specified from time to time by the Commissioner of Internal Revenue, in bottles of distinctive shape or design, not marked as herein required.

(d) Containers, whether filled or empty, imported in violation of the provisions of this article shall be denied entry into the United States.

(e) Containers of distilled spirits exported in bond shall not be subject to these regulations, and the manufacture, and the shipment or delivery, of containers for packaging such spirits, as well as the manufacture for exportation, and the exportation to foreign countries, of empty containers for packaging distilled spirits for sale at retail may, upon application, in the discretion of the supervisor of the district in which such manufacture is carried on, be authorized under permit.

(f) Wherever in these regulations the name of any city or country is required to be blown in any bottle, the name may be either in the language of such country or in English.

(g) Acid-etched or sand-blown indicia in liquor bottles do not meet the above requirements [B. C. L. 1540, Apr. 13, 1936].

(h) The above marking requirements do not apply to distilled spirits withdrawn from warehouse for supplies of vessels [B. C. L. 1353, Mch. 13, 1935].

ART. 508/2. *Standards of fill for bottled distilled spirits.*—(a) *Bottling requirements.*—No person engaged in business as an importer, shall, directly or indirectly, remove from customs custody any distilled spirits in bottles unless such distilled spirits are bottled in conformity with this article. Imported distilled spirits entered in customs bond in bottles prior to March 1, 1935, shall be regarded as being in conformity with this article (1) if the bottle, or the label on the bottle, contains a conspicuous statement of the net contents thereof, and (2) if the actual capacity of the bottle is not substantially less than the capacity it appears to have upon visual examination under ordinary conditions of purchase or use.

(b) *Misbranding.*—Distilled spirits shall be deemed to be misbranded—(1) if the bottle is not a standard liquor bottle as prescribed by paragraph (c) of this article for such distilled spirits; (2) if the amount of the distilled spirits contained in the bottle does not conform to one of the standards of fill in effect therefor under paragraph (d) of this article; (3) if the bottle is in an individual carton or other container, and the carton or other container is so made or formed as to mislead purchasers as to the size of the bottle.

(c) *Standard liquor bottles.*—(1) *General.*—A standard liquor bottle shall be one so made, formed, and filled as not to mislead the purchaser.

(2) *Size.*—A liquor bottle shall be held to be so filled as to mislead the purchaser if the bottle holds distilled spirits in an amount other than one of the standards of fill in effect therefor under paragraph (d) of this article.

(3) *Headspace.*—A liquor bottle of a capacity of one-half pint or more shall be held to be so filled as to mislead the purchaser if it has a headspace in excess of eight per centum of the total capacity of the bottle after closure.

(4) *Design.*—A liquor bottle shall be held (irrespective of the correctness of the net contents specified on the label) to be so made and formed as to mislead the purchaser, if its actual capacity is substantially less than the capacity it appears to have upon visual examination under ordinary conditions of purchase or use.

(d) *Standards of fill.*—(1) The standards of fill for distilled spirits in liquor bottles shall be the following, subject to the tolerance hereinafter allowed:

(A) For all distilled spirits, whether domestically manufactured, domestically bottled, or imported:

1 gallon	1 quart	1 pint	⅛ pint
½ gallon	⅘ quart	½ pint	⅒ pint

(B) In addition, for brandy, whether domestically manufactured, domestically bottled, or imported:

⅒ pint

(C) In addition, for Scotch and Irish whiskey and Scotch and Irish type whiskey; and for brandy and rum:

⅘ pint

(2) The following tolerances shall be allowed:

(A) Discrepancies due exclusively to errors in measuring which occur in filling conducted in compliance with good commercial practice.

(B) Discrepancies due exclusively to differences in the capacity of bottles, resulting solely from unavoidable difficulties in manufacturing such bottles so as to be of uniform capacity: Provided, That no greater tolerance shall be allowed in case of bottles which, because of their design, can not be made of approximately uniform capacity than is allowed in case of bottles which can be manufactured so as to be of approximately uniform capacity.

(C) Discrepancies in measure due exclusively to differences in atmospheric conditions in various places and which unavoidably result from the ordinary and customary exposure of alcoholic beverages in bottles to evaporation. The reasonableness of discrepancies under this paragraph shall be determined on the facts in each case.

(3) Unreasonable shortages in certain of the bottles in any shipment shall not be compensated by overages in other bottles in the same shipment.

(4) As used with reference to standard bottles, the term "gallon" means United States gallon of 231 cubic inches of alcoholic beverages at 68° F. (20° C.), and all other units of liquid measure are subdivisions of the gallon as so defined.

(e) *Vintage spirits.*—This article shall not apply to: (1) distilled spirits imported as vintage spirits (distilled spirits not less than 10 years old and bottled prior to August 1, 1934) under permit issued by a district supervisor of the Alcohol Tax Unit of the Bureau of Internal Revenue pursuant to Internal Revenue Regulations 13 (Liquor Bottle Regulations) issued by the Secretary of the Treasury; (2) cordials and liqueurs, and cocktails, high-balls, gin fizzes, bitters, and such other specialties as are specified from time to time by the Administrator.

ART. 503/3. *Wines—Labeling.*—(a) On or after Dec. 15, 1936, imported wine shall not be released from customs custody for consumption, except pursuant to procedure and forms prescribed by this article.

(b) No imported wine shall be released from customs custody unless there shall have been deposited with the appropriate customs officer at the port of entry an "Affidavit for Release of Imported Wine" (Form L 12), which document shall be properly filled out and sworn to by the importer or transferee in bond, covering the particular brand or lot of wine sought to be released, and which document shall be accompanied by the original or a photostatic copy firmly attached thereto of a "Certificate of Label Approval and Release for Imported Wine" (Form L 11). Such certificate shall be issued by the Administrator upon application made on the form designated "Application for Approval of Labels for Imported Wine" (Form L 10), properly filled out and certified to by the importer or transferee in bond.

(c) If the "Affidavit for Release of Imported Wine" (Form L. 12) is accompanied by the original or a photostatic copy of the "Certificate of Label Approval and Release for Imported Wine," (Form L. 11), the certificate of which bears the signature of the officer designated by the Administrator, then the brand or lot of imported wine bearing labels identical with those shown on the original or a photostatic copy may be released from customs custody.

(d) Imported wine in customs custody which is not labeled in conformity with certificates of label approval issued by the Administrator must be relabeled prior to release, under the supervision and direction of the customs officers of the port at which such wine is located.

(e) Every warehouse withdrawal for transportation entry covering wine shall bear a notation showing the approval or non-approval of the label.

ART. 508/4. *Distilled spirits—Labeling—Certificates of origin and age.*—(a) (1) The following instructions govern whiskey, rum, brandy, gin, cordials, liqueurs, and other distilled spirits imported in containers having a capacity of one gallon or less irrespective of the material from which made.

(2) Commencing August 15, 1936, bottled distilled spirits, including sample bottles of distilled spirits, for non-industrial use, shall not be withdrawn from customs custody except upon depositing with the appropriate customs officer an "Affidavit for Release of Distilled Spirits" (Form L. 3) properly filled out and executed under oath by the importer, covering the distilled spirits proposed to be withdrawn. This must be accompanied by an original or photostatic copy of a "Certificate of Label Approval and Release for Imported Distilled Spirits" (Form L. 2), unless the original or a copy of such Certificate of Label Approval and Release has previously been filed with the collector of customs at the port from which the withdrawal from customs custody is to be made [B. C. L. 1625, Oct. 5, 1936].

(3) A Certificate of Label Approval (Form L. 2) bearing no rubber stamp impression authorizes the withdrawal from customs custody of any distilled spirits bearing labels identical with those shown on the release, irrespective of the customs entry number by which covered or the date entered into customs custody.

(4) A Certificate of Label Approval (Form L. 2) bearing a rubber stamp impression "This release applies only to goods entered into customs prior to _____", authorizes the withdrawal from customs custody of any distilled spirits bearing labels identical with those shown on the release, irrespective of the customs entry number by which covered, provided such distilled spirits were entered into customs custody prior to the date specified in the impression.

(5) If an original or a photostatic copy of a Certificate of Label Approval (Form L. 2) is already on file with the customs office, then in lieu of presenting upon each new importation an importer's affidavit (Form L. 3) accompanied by an original or a photostatic copy of the release, the importer's affidavit will state that the labels upon the distilled spirits to be withdrawn are identical with those upon the original or a photostatic copy of the release on file in the customs office.

(6) If the only difference between the labels upon the distilled spirits covered by an importer's affidavit (Form L. 3) and those covered by the Certificate of Label Approval is that the labels of the distilled spirits covered by the importer's affidavit bear an importer's name and address different from the importer's name and address on the labels covered by the Certificate of Label Approval, then the distilled spirits covered by the importer's affidavit may be withdrawn from customs custody notwithstanding the fact that the labels thereon are not identical as to the importer's name and address, provided the labels are identical in every other respect.

(7) A "Disapproval of Application for Certificate of Label Approval" (Form L 8) does not authorize the release of any distilled spirits from customs custody for any purpose. The disapproval merely sets forth the reasons why the labels in question do not conform to the regulations of the Federal Alcohol Administration in the particulars set forth in the "Disapproval of Application for Certificate of Label Approval" (Form L 8). Form L 8 indicates that distilled spirits, bearing the labels attached thereto, must be relabeled in customs custody before release. RELEASE OF THE RELABELED DISTILLED SPIRITS MAY BE MADE ONLY UPON PRESENTATION OF A "CERTIFICATE OF LABEL APPROVAL" (Form L 2) COVERING THE LABELS AFFIXED TO THE RELABELED DISTILLED SPIRITS, and such Certificate of Approval shall operate as authority to relabel in customs custody the distilled spirits for which

disapproval has been issued with labels identical with those attached to the Certificate of Approval.

(8) The Importer's Affidavit (Form L 3) and the original or photostatic copy of the release affixed thereto are to be retained for the files of the collector of customs. Upon their being deposited with the appropriate customs officer, an appropriate notation shall be made on the entry to the effect that, in so far as labeling is concerned, distilled spirits covered by the customs entry number shown on the affidavit, and bearing labels identical with those appearing upon the Certificate of Label Approval, are authorized to be withdrawn from customs custody. In the event of a partial withdrawal only of distilled spirits covered by the particular customs entry number, the remaining distilled spirits covered by that customs entry number and bearing labels identical with those affixed to the Certificate of Label Approval may be subsequently withdrawn without the filing of an additional importer's affidavit.

(b) *Entries and withdrawals.*—(1) *Consumption.*—An entry for immediate consumption can only be made when the importer has in his possession a Certificate of Label Approval bearing no rubber stamp impression and having affixed thereto labels identical with those affixed to the bottled distilled spirits to be entered. If the importer has no release a warehouse entry may be made. Likewise, in the case of shipments of Irish, Scotch, Canadian, and American type whiskeys, and cognac, rum, and brandy, whether blended or unblended, unaccompanied by the required certificates of age or origin, at the time of arrival of the shipment, entry may be made for warehouse but not for consumption. It is not required that shipments for which no releases have been issued, or for which the required certificates of age and origin can not be presented, be consigned to general order warehouse. There should be made on the entry papers, however, a notation to the effect that no withdrawal of such distilled spirits from bond is to be permitted until an appropriate release has been issued by the Federal Alcohol Administration and the required certificates of age and/or origin have been presented.

(2) *Immediate transportation without appraisement.*—The appropriate form of release should, in the case of shipments of distilled spirits entered for immediate transportation, without appraisement, to another port of entry, be presented to the collector of customs at the port of destination. There may, but need not, be made on the forwarding papers a notation by the appropriate customs officer at the port of arrival to the effect that Federal Alcohol Administration releases were not presented at such port.

(3) *Warehouse withdrawals for transportation.*—In the case of distilled spirits already lodged in bonded warehouses and proposed to be withdrawn from warehouse for transportation in bond from the port of entry to another port, the appropriate Federal Alcohol Administration releases should be presented to the collector at the port of original entry before movement to the port of destination. Each withdrawal for transportation entry shall bear a notation showing whether the strip stamps have been affixed to the immediate containers and whether the labels and bottles have been approved.

(c) *Certificates of origin and age.*—(1) Scotch, Irish, and Canadian whiskeys, in bottles, whether blended or unblended, imported on or after Aug. 15, 1936, shall not be released from customs custody for consumption unless the invoice is accompanied by a certificate of origin issued by a duly authorized official of the British, Irish, or Canadian Governments, certifying (a) that the particular distilled spirits are Scotch, Irish, or Canadian whiskey, as the case may be, (b) that the distilled spirits have been manufactured in compliance with the laws of the respective foreign governments regulating the manufacture of the whiskey for home consumption, and (c) that the product conforms to the requirements of the Immature Spirits Act of such foreign government for spirits intended for home consumption.

(2) If the label of any Scotch, Irish, or Canadian whiskey, whether blended or unblended, imported in bottles on or after Aug. 15, 1936, contains any statement of age for Scotch or Irish whiskey in excess of three years, or Canadian whiskey in excess of two years, the whiskey shall not be released from customs custody unless accompanied by a certificate issued by a duly authorized official of the appropriate foreign government certifying that none of the distilled spirits in the bottle is of an age less than that stated on the label. The age certified shall be the period during which, after distillation and before bottling, the distilled spirits have been kept in oak containers.

(3) *Cognac, brandy, and rum.*—Bottled cognac, whether blended or unblended, imported in bottles on or after August 15, 1936, for which no certificate of origin (Acquit Regional Jaune d'Or) can be presented should not be permitted withdrawal. Brandy produced elsewhere than in the Cognac Region of France is not properly entitled under Federal Alcohol Administration Labeling Regulations to be designated as "Cognac." No certificates of origin (Acquit Regional Jaune d'Or) are required for brandy produced elsewhere than in the Cognac Region of France and not labeled as "Cognac." Certificates of age are not required for rum, brandy, or cognac unless the label contains a statement of age. If the label for any rum, brandy, or cognac, imported on or after August 15, 1936, contains any statement of age, the importer should not be permitted to withdraw such distilled spirits from customs custody until a certificate of age issued by a duly authorized officer of the appropriate foreign government, and certifying that none of the distilled spirits are of an age less than that stated on the label, is presented. Shipments of bottled cognac unaccompanied by the required certificate of origin and shipments of rum, brandy, and cognac unaccompanied by certificates of age, when required, should be handled according to the procedure and requirements outlined in subparagraph 1, above. The age certified shall be the period during which, after distillation and before bottling, the distilled spirits have been kept in oak containers.

(4) American type whiskeys imported on or after Aug. 15, 1936, shall not be released from customs custody in bottles unless there is presented at the time of entry or at the time of request for release, a certificate issued by a duly authorized official of the appropriate foreign government certifying:

(A) In case of straight whiskey, (1) the class and type (such as straight whiskey, straight rye whiskey, straight bourbon whiskey, etc.) thereof, (2) the American proof at which distilled, (3) that no neutral spirits or other whiskey has been added as a part thereof or included therein, whether or not for the purpose of replacing outage, and (4) the age of the whiskey;

(B) In case of distinctive types of whiskey, (1) the class and type (such as rye whiskey, bourbon whiskey, etc.), (2) the American proof at which distilled, (3) that no neutral spirits has been added as a part thereof or included therein, whether or not for the purpose of replacing outage, and (4) the age of the whiskey;

(C) In case of blended whiskey, (1) the class and type (such as blended whiskey, blended rye whiskey, blended bourbon whiskey, etc.), (2) the percentage of straight whiskey, or any distinctive type thereof, used in the blend, (3) the American proof at which the straight whiskey was distilled, (4) the percentage of other whiskey, if any, in the blend, (5) the percentage of neutral spirits, if any, in the blend, and the name of the commodity from which distilled, and (6) the age of the straight whiskey and the age of the other whiskey, if any, in the blend.

(D) The age certified shall be the period during which, after distillation and before bottling, the whiskey has been kept in charred oak containers.

(5) *Neutral spirits, gin, cordials, and other miscellaneous distilled spirits.*—Certificates of age and origin are not required by the Federal Alcohol Administration for neutral spirits, gin, cordials, and other distilled spirits than those specified above.

(6) *Release under bond not permissible.*—Scotch, Irish, and Canadian whiskey, and cognac, brandy, and rum, whether blended or unblended, and American type whiskeys for which no certificates are presented either at the time of

entry or at the time of request for withdrawal should not be released under redelivery bond pending production of the required certificates. Neither should any other bond for the production of those missing documents be accepted.

(7) *Food and Drug Administration requirements.*—The requirements of this article are not in substitution for any similar or other requirement of the Food and Drug Administration.

(d) Examining officers will, by physical inspection, ascertain whether there is any discrepancy between the labels affixed to bottles of distilled spirits and the corresponding photostatic copies of approved labels attached to Form L 2. If a discrepancy is found, the facts should be immediately reported to the Federal Alcohol Administration and a copy sent to the Commissioner of Customs.

ART. 508/5. *Exemption from stamping, marking, bottling, and labeling requirements.*—The provisions of articles 508, 508/1, 508/2, and 508/4, are not applicable to distilled spirits: (1) not for sale or for any other commercial purpose whatever; (2) for use as ship stores; (3) for personal use; (4) for industrial use as defined in F. A. A. T. D. 3, approved December 20, 1935; but distilled spirits, except anhydrous alcohol or alcohol in containers of one gallon or less, shall be deemed to be for non-industrial use.

ART. 508/6. *Importation of distilled spirits in bulk.*—Whiskey, rum, brandy, gin, cordials, and liqueurs and other distilled spirits imported in bulk (i. e., in containers having a capacity in excess of one gallon) may be entered into a class 8 customs bonded warehouse for bottling, or may be withdrawn from customs custody, only if entered for exportation or if withdrawn by a person to whom it is lawful to sell or otherwise dispose of alcoholic beverages in bulk pursuant to section 6 (a) (1) of the Federal Alcohol Administration Act (U. S. C. (1934 ed., supp. I), title 27, sec. 206 (a) (1)), for use in bottling, blending, or rectification by such person, prior to delivery to a person not so authorized. In case the customs officer has doubt as to whether the distilled spirits will be used by the person so authorized and will be delivered by him only in bottles, he should direct the importer to forward the documents to the Label Section, Federal Alcohol Administration, Washington, D. C., with a request for instructions to be sent the customs officer.

Article 641 is amended to read as follows:

ART. 641. *Restricted importations.*—(a) United States Code (1934 ed., supp. I), title 27, section 203 (a) (1), (b) (1), and (c) (2) [T. D. 47855].

SEC. 203 (a). It shall be unlawful, except pursuant to a basic permit issued under this chapter by the (Federal Alcohol) Administrator—

(1) to engage in the business of importing into the United States distilled spirits, wine, or malt beverages; * * *

SEC. 203 (b). It shall be unlawful, except pursuant to a basic permit issued under this chapter by the (Federal Alcohol) Administrator—

(1) to engage in the business of distilling distilled spirits, producing wine, rectifying or blending distilled spirits or wine, or bottling, or warehousing and bottling, distilled spirits; * * *

SEC. 203 (c) (2) * * * This section shall not apply to any agency of a State or political subdivision thereof or any officer or employee of any such agency, and no such agency or officer or employee shall be required to obtain a basic permit under this chapter. (Aug. 29, 1935, c. 814, sec. 3, 49 Stat. 878.)

(b) The production of a basic permit is not necessary when spirits are withdrawn from warehouse under any form of withdrawal entry. [B. C. L. 1541, Apr. 16, 1936].

(c) The above basic permit requirements are not applicable when the collector is satisfied that the liquor is for personal use or sample purposes only [B. C. L.'s 1343, Mch. 4, 1935; 1599, Aug. 3, 1936].

(d) Blending or rectifying of wines or distilled spirits in class 6 manufacturing warehouses, or the bottling of imported distilled spirits in class 8 manupulation warehouses will not be permitted unless the proprietor has obtained from the Federal Alcohol Administration the appropriate permit [B. C. L. 1569, June 18, 1936].

(e) *Bulk imports.*—United States Code (1934 ed., supp. I), title 27, section 206(a) (1), (b) and (c):

SEC. 206 (a). It shal be unlawful for any person—

(1) To sell or offer to sell, contract to sell, or otherwise dispose of distilled spirits in bulk except, under regulations of the Administrator, for export or to the following, or to import distilled spirits in bulk except, under such regulations, for sale to or for use by the following: A distiller, rectifier of distilled spirits, person operating a bonded warehouse qualified under the internal-revenue laws or a class 8 bonded warehouse qualified under the customs laws, a winemaker for the fortification of wines, a proprietor of an industrial alcohol plant, or an agency of the United States or any State or political subdivision thereof.

(b) Any person who violates the requirements of this section shall, upon conviction thereof, be fined not more than $5,000 or imprisoned for not more than one year or both, and shall forfeit to the United States all distilled spirits with respect to which the violation occurs and the containers thereof.

(c) The terms "in bulk" mean in containers having a capacity in excess of one wine gallon. (Aug. 29, 1935, c. 814, sec. 6, 49 Stat. 985.)

Article 643 is amended to read as follows:

ART. 643. *Marking requirements—Packages.*—(a) United States Code (1934 ed., supp. II), title 18, section 390 (Criminal Code, sec. 240) [T. D. 48448]:

Whoever shall knowingly ship or cause to be shipped from one State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, into any other State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, or from any foreign country into any State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, any package of or package containing any spirituous, vinous, malted, or other fermented liquor, or any compound containing any spirituous, vinous, malted, or other fermented liquor fit for use for beverage purposes, unless such package be so labeled on the outside cover as to plainly show the name of the consignee, the nature of its contents, and the quantity contained therein, shall be fined not more than $1,000 or imprisoned not more than one year, or both; and such liquor shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the seizure and forfeiture of property imported into the United States contrary to law. (As amended June 25, 1936, c. 815, sec. 8, 49 Stat.)

(b) All packages of liquor violating the above provision of law shall be seized and disposed of in the manner prescribed in chapter XXI for merchandise imported contrary to law.

The words "Prohibition reorg. act of May 27, 1930", are deleted from the marginal note.

Article 820, paragraph (d), is amended by adding the following at the end thereof [B. C. Ls. 1137, Apr. 23, 1934; 1198, May 8, 1934]:

In the computation of internal-revenue taxes on distilled spirits imported in barrels, kegs, or similar containers the quantity shall be ascertained in accordance with the Internal Revenue Regulations; that is, the hundredths of a gallon less than one-tenth, or the second decimal figure, will be excluded on each package in determining the amount of tax due. Where distilled spirits are imported in bottles, jugs, or similar containers, the internal-revenue taxes should be collected on the exact amount contained in each case or other outer container, fractional parts of a gallon being carried to three decimal places. The procedure for collecting internal-revenue taxes on still wines will be the same except that fractional parts of a gallon shall be carried to two decimal places for each package or other outer container.

Article 825 is amended by adding the following new paragraphs:

(f) Internal-revenue taxes on alcoholic beverages imported in barrels, casks, or similar containers shall be collected only on the number of proof gallons (or wine gallons if below proof) and fractional parts thereof actually entered or withdrawn for consumption. The quantity determined on the basis of the original customs gauge shall be considered the quantity actually entered or withdrawn and no regauge shall be made for the purpose of assessing internal-revenue taxes, unless the lapse of time or the condition of the containers prior to entry or withdrawal indicates that the quantity shown by such original gauge has been substantially reduced by evaporation or leakage, or unless prior to entry or withdrawal the person making the entry or withdrawal makes a written request for a regauge and, if less than 90 days have elapsed since the date of such original gauge, states in such request his reasons for believing that such original gauge does not correctly indicate the quantity to be withdrawn. Ordinary customs duties shall be collected on the gallonage determined on the basis of the original customs gauge [B. C. L. 1516, Feb. 21, 1936].

(g) When imported distilled spirits upon which collectors of customs are required to collect internal-revenue taxes under the provisions of section 1150 (f), title 26, United States Code, and article 1163½ of these regulations, or imported wines upon which collectors of customs are required by the said article to collect such taxes, are regauged in accordance with paragraph (f) of this article in order that the internal-revenue taxes may be collected on the gallonage actually withdrawn from warehouse for consumption, as contemplated by sections 1150 (a) (1) and 1300 (a), title 26, United States Code, the internal-revenue taxes shall be adjusted on the warehouse withdrawal according to the gauge at the time of withdrawal. A notation shall be made on the withdrawal that the adjustment has been made in accordance with the provisions of this paragraph. No adjustment of ordinary customs duties shall be made as a result of a regauge for internal-revenue purposes, in view of the provisions of section 583 (a) of the Tariff Act of 1930 [U. S. C., title 26, secs. 1350, 1534; T. Ds. 45171, 47942].

(h) Applications for refund of internal-revenue taxes paid on imported distilled spirits or wines in excess of the quantity actu-

ally withdrawn from warehouse for consumption, should be filed by the claimant with the Commissioner of Internal Revenue through the collector of internal revenue for the district concerned [B. C. L. 1516, Feb. 21, 1936].

Paragraph (c) of article 992 is amended to read as follows:

(c) United States Code, title 26, section 1324:
Notwithstanding the provisions of section 1154 of this chapter, or section 1492 of Title 19, any distilled spirits forfeited or abandoned to the United States may be sold, in such cases as the Commissioner may by regulation provide, to the proprietor of any industrial alcohol plant for denaturation, or redistillation and denaturation, without the payment of the internal-revenue tax thereon. (Feb. 26, 1926, c. 27, sec. 901, 44 Stat. 105.)

Paragraph (d) of article 992 is amended to read as follows:

(d) Articles subject to internal-revenue tax (except forfeited distilled spirits and except voluntarily abandoned merchandise not cleared by the Division of Procurement (see art. 1220)) may be sold if the collector is of the opinion that they will bring an amount sufficient to pay the internal-revenue tax, even though such amount is not sufficient to pay the customs duty.
(NOTE.—The authority in paragraphs (a) and (c) of this article concerning sale of forfeited distilled spirits has been superseded by the provisions of United States Code (1934 ed., supp. I), title 27, section 209.)

Paragraph (b) of article 1092 is amended by adding the following:

Such reports will have shown thereon the individual port seizure numbers which will run consecutively at each port in five-year series. When seizure reports are received at headquarters ports from other ports, a district series of case numbers in five-year series for the entire district will be stamped on the seizure reports above the port seizure numbers. The district serial numbers will be the case numbers on customs Form 5211 [C. I. E. 2903, Apr. 7, 1931; B. C. L. 999, May 31, 1935].

Article 1094 is amended as follows:

Strike out in the third and fourth lines of paragraph (a) the words "the officers enumerated in the preceding article" and insert in lieu thereof "any officer of the customs."

Amend paragraph (a) (2) to read:

(2) any vessel within the customs waters of the United States;

Amend paragraph (a) (3) to read:

(3) any American vessel on the high seas where there is probable cause to believe that such vessel is violating or has violated the laws of the United States or is subject to seizure for violation of such laws; or

Amend paragraph (a) by adding a new sub-paragraph (4); reading as follows:

(4) any vessel within a customs-enforcement area, but officers of the customs are not authorized to board for the purpose of examination, inspection, or search a foreign vessel upon the high seas in contravention of any treaty with a foreign government, or in the absence of special arrangement with such foreign government.

Paragraphs (b) and (c) are deleted and paragraphs (d), (e), (f), and (g) are redesignated (b), (c), (d), and (e), respectively.

Paragraph (a) of article 1104 is amended by adding the words "at headquarters ports only" after the word "kept" in the second line. [C. I. E. 2903, Apr. 7, 1931.]

Article 1104 is further amended by deleting paragraphs (d) and (e) and by redesignating paragraphs (f) and (g) as (d) and (e), respectively. Paragraph (c) is amended to read as follows:

(c) *Preparation of report.*—(1) The branch of the Government making the seizure, or in case of joint seizures, the names of the two or more branches, should be shown in the appropriate column on customs Form 5211 in lieu of the name of the officer, listing first that branch of the service assuming the major responsibility in making the seizure.
(2) The appraised value in civil cases and the statutory monetary penalty in criminal cases should be shown in each instance. In cases of seizure of alcoholic beverages, the type seized shall be separately listed; e. g., distilled liquor, sparkling wines, still wines, or malt liquor, and the value as well as the quantity (in gallons, quarts, pints, or fraction thereof) of each type stated separately. The quantity and value of alcohol seized shall be separately reported.
(3) To distinguish between apprehensions and physical seizures of merchandise a capital "A" following the date in the second column shall be used to indicate apprehension and in the case of physical seizure of merchandise the value and the fine imposed (if any) shall be stated in the appropriate column preceded by the letters "V" and "F", respectively.
(4) If an arrest is made in connection with a seizure or apprehension, this fact, together with a statement of the number of persons arrested, shall be indicated in column three under the name of the offender.
(5) Seizures of lottery matter and other similar articles of small or trifling value need not be reported separately, but may be grouped on one line of customs Form 5211, showing the first and last seizure number in a consecutive series.
(6) Informal mail entry fines assessed on customs Form 3421 may be reported in the aggregate on customs Form 5211. Formal mail entry fines are provided for in article 367 (d).
(7) Liquidated damages on account of failure to produce missing documents should be listed on customs Form 5211 at the time the penalty is assessed, viz., at the end of the six months' period in the case of failure to produce consular invoices and at the end of corresponding periods of grace in the case of other missing documents. Every penalty of this sort should be given a separate case number on customs Form 5211. Other types of liquidated damages, e. g., against carriers for irregular delivery or shortages of bonded merchandise, against importers under redelivery and other bonds, etc., should also be given case numbers and separately listed on customs Form 5211 as soon as the violation is determined and the penalty assessed.
(8) In reporting "fines imposed" on customs Form 5211 the following rules shall be followed:

(a) Statutory fines which may be imposed only by the court shall be listed on customs Form 5211 only if and when actually imposed and shall not be listed until court action has taken place. This covers fines such as are listed in sections 304 (d), 305 (b), 464, 465, 590, 591, 593 (a), (b), 596, 600, 601, 616, 620, etc., of the tariff act.
(b) Fines or penalties imposed by the collector such as those under the provisions of sections 439, 440, 453, 454, 459, 584, 585, and 599 of the tariff act, and those sections of the Revised Statutes, Air Commerce Act, etc., which inflict like punishment, shall be listed as fines on customs Form 5211. The entire prescribed fine or penalty shall be reported when imposed and not the mitigated amount which may be subsequently collected [B. C. L. 1556, May 13, 1936].
(c) Personal penalties, equal to the value of the goods seized, shall be listed as fines on customs Form 5211 whenever such penalties are actually imposed under the provisions of sections 432, 453, 460, 497, 584, 586, and 587 of the tariff act and under other laws inflicting like punishment.
(d) Under mail fines, whether itemized or reported as a total, do not report the value of the merchandise but merely the penalty.
(e) If the statute provides only for the forfeiture of the merchandise, only the value thereof shall be reported.

Article 1119, paragraph (c), is amended by deleting from line two thereof the words "under the act of March 3, 1925."
Article 1119 is further amended by adding the following new paragraph, designated (e):

(e) In the case of petty smuggling of articles of small value by persons other than masters of vessels, the offenders should be advised of their civil liability, as distinguished from the liability of the articles to forefeiture, and a deposit on account of the penalty incurred in an amount equivalent to the domestic value of the articles should be demanded. The amounts collected should be deposited to the account of fines and penalties [B. C. L. 1176, Apr. 5, 1934].

Article 1125 is amended by deleting paragraphs (f) and (g) and redesignating paragraph (h) as (f). Paragraph (f), as redesignated, is amended by inserting the words "or navigation laws" after the words "customs laws" in the first line.

Paragraph (b) (11) of article 1126 is amended to read as follows:

11. The appraised value of the vessel or vehicle destroyed or turned over for official use.

[SEAL] J. H. MOYLE,
Commissioner of Customs.

Approved, December 16, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 3935—Filed, December 23, 1936; 10:10 a. m.]

[T. D. 48714]

PORT OF ENTRY

DESIGNATION OF CARRABELLE, FLORIDA, AS A CUSTOMS PORT OF ENTRY

DECEMBER 19, 1936.

To Collectors of Customs and Others Concerned:

There is published below for the information of customs officers and others concerned the following Executive Order,

dated December 11, 1936,[1] designating Carrabelle, Florida, as a customs port of entry in Customs Collection District No. 18 (Florida), with headquarters at Tampa, Florida, effective as of the date of the order.

[SEAL] JAMES H. MOYLE,
Commissioner of Customs.

EXECUTIVE ORDER

By virtue of and pursuant to the authority vested in me by the act of August 1, 1914, 38 Stat. 609, 623 (U. S. C., title 19, sec. 2), I hereby designate Carrabelle, Florida, as a customs port of entry in Customs Collection District No. 18 (Florida), effective this date.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
December 11, 1936.

[No. 7508]

[F. R. Doc. 3934—Filed, December 23, 1936; 10:09 a. m.]

Bureau of Internal Revenue.

[Regulations 97]

CONSOLIDATED RETURNS OF AFFILIATED RAILROAD CORPORATIONS PRESCRIBED UNDER SECTION 141 (B) OF THE REVENUE ACT OF 1936

[Applicable to Taxable Years Beginning After December 31, 1935]

CONTENTS

SUPPLEMENT D—RETURNS AND PAYMENT OF TAX

[Supplementary to Subtitle B, Part V]

SEC. 141. CONSOLIDATED RETURNS OF RAILROAD CORPORATIONS

(a) *Privilege to File Consolidated Returns.*—An affiliated group of corporations shall, subject to the provisions of this section, have the privilege of making a consolidated return for the taxable year in lieu of separate returns. The making of a consolidated return shall be upon the condition that all the corporations which have been members of the affiliated group at any time during the taxable year for which the return is made consent to all the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1934 insofar as not inconsistent with this Act) prescribed prior to the making of such return; and the making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

(b) *Regulations.*—The Commissioner with the approval of the Secretary, shall prescribe such regulations as he may deem necessary in order that the tax liability of any affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the period of affiliation, may be determined, computed, assessed, collected, and adjusted in such manner as clearly to reflect the income and to prevent avoidance of tax liability.

(c) *Computation and Payment of Tax.*—In any case in which a consolidated return is made the tax shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1934 insofar as not inconsistent with this Act) prescribed prior to the date on which such return is made.

(d) *Definition of "Affiliated Group."*—As used in this section an "affiliated group" means one or more chains of corporations con-

[1] 1 F. R. 2149.

nected through stock ownership with a common parent corporation if—

(1) At least 95 per centum of the stock of each of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations; and

(2) The common parent corporation owns directly at least 95 per centum of the stock of at least one of the other corporations; and

(3) Each of the corporations is either (A) a corporation whose principal business is that of a common carrier by railroad or (B) a corporation the assets of which consist principally of stock in such corporations and which does not itself operate a business other than that of a common carrier by railroad. For the purpose of determining whether the principal business of a corporation is that of a common carrier by railroad, if a common carrier by railroad has leased its railroad properties and such properties are operated as such by another common carrier by railroad, the business of receiving rents for such railroad properties shall be considered as the business of a common carrier by railroad. As used in this paragraph, the term "railroad" includes a street, suburban, or interurban electric railway.

As used in this subsection (except in paragraph (3)) the term "stock" does not include nonvoting stock which is limited and preferred as to dividends.

(e) *Foreign Corporations.*—A foreign corporation shall not be deemed to be affiliated with any other corporation within the meaning of this section.

(f) *China Trade Act Corporations.*—A corporation organized under the China Trade Act, 1922, shall not be deemed to be affiliated with any other corporation within the meaning of this section.

(g) *Corporations Deriving Income From Possessions of United States.*—For the purposes of this section a corporation entitled to the benefits of section 251, by reason of receiving a large percentage of its income from possessions of the United States, shall be treated as a foreign corporation.

(h) *Subsidiary Formed to Comply With Foreign Law.*—In the case of a domestic corporation owning or controlling, directly or indirectly, 100 per centum of the capital stock (exclusive of directors' qualifying shares) of a corporation organized under the laws of a contiguous foreign country and maintained solely for the purpose of complying with the laws of such country as to title and operation of property, such foreign corporation may, at the option of the domestic corporation, be treated for the purpose of this title as a domestic corporation.

(i) *Suspension of Running of Statute of Limitations.*—If a notice under section 272 (a) in respect of a deficiency for any taxable year is mailed to a corporation, the suspension of the running of the statute of limitations, provided in section 277, shall apply in the case of corporations with which such corporation made a consolidated return for such taxable year.

(j) *Receivership Cases.*—If the common parent corporation of an affiliated group making a consolidated return would, if filing a separate return, be exempt under section 14 (d) (2) from the surtax on undistributed profits imposed by section 14, the affiliated group shall be exempt from such surtax imposed by section 14. In all other cases the affiliated group making a consolidated return shall be subject to the surtax imposed by section 14, regardless of the fact that one or more of the corporations in the group are in bankruptcy or in receivership.

(k) *Allocation of Income and Deductions.*—For allocation of income and deductions of related trades or businesses, see section 45.

Application of Regulations

These regulations, authorized by section 141 (b) of the Revenue Act of 1936, are prescribed as a supplement to the income tax regulations applicable generally under the Revenue Act of 1936. They are applicable to all taxable years beginning after December 31, 1935, except where the return for any such year has been made prior to the prescribing of these regulations, in which case Regulations 89, prescribed under section 141 (b) of the Revenue Act of 1934, are applicable in so far as not inconsistent with the provisions of the Revenue Act of 1936.

Authority for Regulations

The following regulations are hereby prescribed pursuant to the authority of section 141 (b) of the Revenue Act of 1936:[1]

[1] The report of the Committee on Finance (S. Rept. No. 2156, 74th Cong., 2d sess., p. 19) accompanying the Revenue Bill of 1936 contains the following statement:

"Among the matters to be covered by regulations which it is expected that the Commissioner will prescribe (under the provisions of subsection (b) of this section) are (*a*) treatment of intercompany dividends in computing consolidated net income, (*b*) definitions of 'adjusted net income' and 'undistributed net income' of the affiliated group, and (*c*) computation of 'dividends paid credit' of such group."

With respect to the corresponding section of the Revenue Act of 1928, the report of the Committee on Finance (S. Rept. No. 960, 70th Cong., 1st sess., p. 15) accompanying the Revenue Bill of 1928 contains the following statement (a similar statement being contained also in the statement of the managers on the part of the House, accompanying the conference report upon the bill, see H. Rept. No. 1882, 70th Cong., 1st sess., pp. 16–17):

"Among the regulations which it is expected that the Commissioner will prescribe are: (1) The extent to which gain or loss shall be recognized upon the sale by a member of the affiliated group of stock issued by any other member of the affiliated group or upon the dissolution (whether partial or complete) of a member of the group; (2) the basis of property (including property included in an inventory) acquired, during the period of affiliation, by a member of the affiliated group, including the basis of such property after such period of affiliation; (3) the extent to which and the manner in which net losses sustained by a corporation before it became a member of the group shall be deducted in the consolidated return; and the extent to which and the manner in which net losses sustained during the period for which the consolidated return is filed shall be deducted in any taxable year after the affiliation is terminated in whole or in part; (4) the extent to which and the manner in which gain or loss is to be recognized, upon the withdrawal of one or more corporations from the group, by reason of transactions occurring during the period of affiliation; and (5) that the corporations filing the consolidated return must designate one of their members as the agent for the group, in order that all notices may be mailed to the agent, deficiencies collected, refunds made, interest computed, and proceedings before the Board of Tax Appeals conducted as though the agent were the taxpayer."

Part I—General Provisions

Article 1. Privilege of making consolidated returns

(*a*) Section 141 gives to the corporations of an affiliated group the privilege of making a consolidated return for the taxable year in lieu of separate returns. This privilege, however, is given upon the condition that *all* corporations which have been members of the affiliated group at any time during the taxable year for which the return is made consent to these regulations, and any amendments thereof duly prescribed prior to the making of the return and applicable to such year; and the making of the consolidated return is considered as such consent.

(*b*) The tax liability of the members of the affiliated group for such year will be determined in accordance with such regulations and without regard to any amendment thereto prescribed subsequent to the making of such return.

Art. 2. Definitions

(*a*) *Act.*—The term "Act" means the Revenue Act of 1936.

(*b*) *Affiliated Group.*—The term "affiliated group" includes the common parent corporation and every other corporation for the period during which such corporation is a member of the affiliated group within the meaning of section 141 of the Act; but does not include any corporation which under section 141 can not be included in a consolidated return (for example, a foreign corporation or a corporation treated as a foreign corporation, except as provided in section 141 (h); a corporation organized under the China Trade Act, 1922; or a corporation which is neither a corporation whose principal business is that of a common carrier by railroad nor a corporation the assets of which consist principally of stock in such corporations and which does not itself operate a business other than that of a common carrier by railroad).

In the case of a domestic corporation owning or controlling, directly or indirectly, 100 per cent of the capital stock (exclusive of directors' qualifying shares) of a corporation organized under the laws of Canada or of Mexico and maintained solely for the purpose of complying with the laws of such country as to title and operation of property, such foreign corporation may, at the option of the domestic corporation, be treated for income tax purposes as a domestic corporation. The option to treat such foreign corporation as a domestic corporation so that it may be included in a consolidated return must be exercised at the time of making the consolidated return.

An affiliated group of corporations, within the meaning of section 141, is formed at the time that the common parent corporation becomes the owner directly of at least 95 per cent of the stock (as defined by section 141 (d)) of another corporation. A corporation becomes a member of an affiliated group at the time that one or more members of the group become the owners directly of at least 95 per cent of its

stock. A corporation ceases to be a member of an affiliated group when the members of the group cease to own directly at least 95 per cent of its stock.

(c) *Consolidated Return Period.*—The term "consolidated return period" means the taxable year 1929, or any subsequent taxable year, for which a consolidated return is made or is required, including the period during which a subsidiary corporation is engaged in distributing its assets in liquidaton.

(d) *Subsidiary.*—The term "subsidiary" means a corporation (other than the common parent) which is a member of the affiliated group during any part of the consolidated return period.

(e) *Tax.*—The term "tax" includes any interest, penalty, additional amount, or addition to the tax, payable in respect thereof.

(f) *Terms Defined in Revenue Act of 1936.*—Terms which are defined in the Act shall, when used in these regulations, have the meaning assigned to them by the Act, unless specifically otherwise defined. (See, for example, "normal-tax net income", section 13; "adjusted net income" and "undistributed net income", section 14; "net income", section 21; "gross income", section 22; "taxable year" and "fiscal year", section 48; "deficiency", section 271; and the terms defined in section 1001, particularly the terms "person", "stock", and "corporation.")

ART. 3. APPLICABILITY OF OTHER PROVISIONS OF LAW

Any matter in the determination of which the provisions of these regulations are not applicable shall be determined in accordance with the provisions of the Act or other law applicable thereto.

PART II—ADMINISTRATIVE PROVISIONS

ART. 10. EXERCISE OF PRIVILEGE

(a) *When Privilege Must be Exercised.*—(1) The privilege of making a consolidated return under these regulations for any taxable year of an affiliated group must be exercised at the time of making the return of the common parent corporation for such year. Under no circumstances can such privilege be exercised at any time thereafter. The filing of separate returns for a taxable year does not constitute an election binding upon the corporations in subsequent years. If the privilege is exercised at the time of making the return, separate returns can not thereafter be made for such year. (See, however, article 13, relating to the improper inclusion in the consolidated return of the income of a corporation.)

(2) If, under Regulations 89, a consolidated return for a taxable year beginning after December 31, 1935, was made after the enactment of the Act approved June 22, 1936, but prior to the prescribing of these regulations, the privilege of making a consolidated return for such year was exercised at the time of the making of such return, and the affiliated group will be considered as having consented to all of the provisions of Regulations 89 in so far as not inconsistent with the Act. Under no circumstances can separate returns be subsequently made for such taxable year.

(3) If, under Regulations 89, a consolidated return for a taxable year beginning after December 31, 1935, was made prior to the enactment of the Act, the privilege of making a consolidated return for such year will not be considered to have been exercised at that time but must be exercised at the time of making the return of the common parent corporation for such taxable year under the Act.

(b) *Effect of Tentative Returns.*—In no case will the privilege under paragraph (a) be considered as exercised at the time of making a so-called "tentative return" (made, for example, in order to obtain an extension of time for making the return required by law). However, if any such tentative return is made upon the basis of a consolidated return or a separate return, the return required by law must be made upon the same basis, unless upon the making of the return required by law (either a separate return or a consolidated return, as the case may be) the payments theretofore made and to be made are adjusted in a manner satisfactory to the Commissioner.

ART. 11. CONSOLIDATED RETURNS FOR SUBSEQUENT YEARS

(a) *Consolidated Returns Required for Subsequent Years.*—If a consolidated return is made under these regulations for any taxable year, a consolidated return must be made for each subsequent taxable year during which the affiliated group remains in existence unless (1) a corporation (other than a corporation created or organized, directly or indirectly, by a member of the affiliated group) has become a member of the group during such subsequent taxable year, or (2) one or more provisions of these regulations, which have previously been consented to, have been amended, or (3) the Commissioner, prior to the time of making the return, upon application made by the common parent corporation and for good cause shown, grants permission to change.

(b) *Effect of Separate Returns When Consolidated Return Required.*—If the making of a consolidated return is required for any taxable year, the tax liability of the members of the affiliated group shall be computed in the same manner as if a consolidated return had been made, even though separate returns are made; amounts assessed upon the basis of separate returns shall be considered as having been assessed upon the basis of a consolidated return; and amounts paid upon the basis of separate returns shall be considered as having been paid by the common parent corporation. In such cases the making of separate returns shall not be considered as the making of a return for the purpose of computing any period of limitation or any deficiency. If a consolidated return for such taxable year is thereafter made, such return shall for the purpose of computing periods of limitation and any deficiency be considered as the return for such year.

(c) *When Affiliated Group Remains in Existence.*—For the purposes of these regulations, an affiliated group shall be considered as remaining in existence if the common parent corporation remains as a common parent and at least one subsidiary remains affiliated with it, whether or not such subsidiary was a member of the group at the time the group was formed and whether or not one or more corporations have become subsidiaries or have ceased to be subsidiaries at any time after the group was formed.

(d) *When Affiliated Group Terminates.*—For the purposes of these regulations, an affiliated group shall be considered as terminated if the common parent corporation ceases to be the common parent or if there is no subsidiary affiliated with it.

ART. 12. MAKING CONSOLIDATED RETURN AND FILING OTHER FORMS

(a) *Consolidated Return Made by Common Parent.*—A consolidated return shall be made on Form 1120 by the common parent corporation for the affiliated group. Such return shall be filed at the time and in the office of the collector of the district prescribed for the filing of a separate return by such corporation.

(b) *Authorizations and Consents Filed by Subsidiaries.*—Each subsidiary must prepare duplicate originals of Form 1122, consenting to these regulations and authorizing the common parent corporation to make a consolidated return on its behalf for the taxable year and authorizing the common parent corporation (or, in the event of its failure, the Commissioner or the collector) to make a consolidated return on its behalf (as long as it remains a member of the group), for each year thereafter for which, under article 11 (a), the making of a consolidated return is required. One of such forms shall be attached to the consolidated return, as a part thereof; and the other shall be filed, at or before the time the consolidated return is filed, in the office of the collector for the district prescribed for the filing of a separate return by such subsidiary. No such consent can be withdrawn or revoked at any time after the consolidated return is filed.

(c) *Affiliations Schedule Filed by Common Parent.*—The common parent corporation shall prepare Form 851 (Affiliations Schedule), which shall be attached to the consolidated return, as a part thereof.

(d) *Persons Qualified to Swear to Returns and Forms.*—Each return or form required to be made or prepared by a corporation must be sworn to by the persons authorized under

section 52 of the Act to swear to returns of separate corporations. In cases where receivers or trustees in bankruptcy are operating the property or business of corporations, each return or form required to be made or prepared by such corporation must be executed by the receiver or trustee, as the case may be, pursuant to an order or instructions of the court, and be accompanied by a copy of such order or instructions.

(e) *Signatures in Case Subsidiary Has Left Group.*—Since Form 1122 is required even though, during the taxable year of the common parent corporation, the subsidiary (because of a dissolution or sale of stock, or otherwise) has ceased to be a member of the group, it may be advisable for the common parent corporation to obtain the proper signatures to the form prior to the time the subsidiary ceases to be a member of the group.

ART. 13. CHANGE IN AFFILIATED GROUP DURING TAXABLE YEAR

(This article has no bearing upon the question whether a consolidated return may or must be made, but relates only to the effect of changes in the affiliated group during the taxable year.)

(a) *General Rule.*—Except as hereinafter provided, a consolidated return must include the income of the common parent and of each subsidiary for the entire taxable year.

(b) *Formation of Affiliated Group After Beginning of Year.*—If an affiliated group is formed after the beginning of the taxable year of the corporation which becomes the common parent, the consolidated return must include the income of the common parent for its entire taxable year (excluding any portion of such year during which its income is included in the consolidated return of another affiliated group) and the income of each subsidiary from the time it became a member of the group.

(c) *Complete Termination of Affiliated Group Prior to Close of Taxable Year.*—If an affiliated group is terminated prior to the close of the taxable year of the group, the consolidated return must include the income of the common parent for its entire taxable year (excluding any portion of such year during which its income is included in the consolidated return of another affiliated group) and of each subsidiary for the period prior to the termination. (See paragraphs (c) and (d) of article 11, in determining whether the group has terminated.)

(d) *Addition to Group of a Subsidiary During Year.*—If a corporation becomes a member of the affiliated group during the taxable year of the group, the consolidated return must include its income from the time when it became a member of the group.

(e) *Elimination from Group of a Subsidiary During Year.*—If a subsidiary ceases to be a member of the affiliated group during the taxable year of the group, the consolidated return must include its income for the period during which it was a member of the group.

(f) *Period of 30 Days or Less May Be Disregarded.*—A subsidiary may at its option be considered as having been a member of the affiliated group during the entire taxable year of the group (or during the entire period of the existence of the subsidiary, whichever is shorter) if the period during which it was not a member of such group does not exceed 30 days. If a corporation has been a member of the affiliated group for a period of less than 31 days during the taxable year of the group, it may at its option be considered as not having been a member of the group during the taxable year. An option under this paragraph must be exercised at or before the time when the consolidated return is made.

(g) *Separate Returns for Periods Not Included in Consolidated Return.*—If a corporation, during its taxable year (determined without regard to the affiliation), becomes a member of an affiliated group, its income for the portion of such taxable year not included in the consolidated return of such group must be included in a separate return (or, if a member of another affiliated group which makes a consolidated return for such period, then in such consolidated return). If a corporation ceases to be a member of the affiliated group during the taxable year of the group, its income for the period after the time when it ceased to be a member of the affiliated group must be included in a separate return (or, if it becomes a member of another affiliated group which makes a consolidated return for such period, then in such consolidated return).

(h) *Time for Making Separate Returns for Periods Not Included in Consolidated Return.*—If a corporation, during its taxable year (determined without regard to the affiliation), becomes a member of an affiliated group, the separate return required for the portion of such taxable year during which it was not a member of the group must be made on or before the 15th day of the third month following the close of its taxable year (determined without regard to affiliation). For example, corporation P, reporting its income on a calendar year basis, acquires on January 1, 1936, all the stock of corporation S, which reports its income on a fiscal year basis ending March 31. P and S elect to make a consolidated return for the calendar year 1936. The separate return of S for the taxable period April 1, 1935, to December 31, 1935, should be made on or before June 15, 1936.

ART. 14. ACCOUNTING PERIOD OF AN AFFILIATED GROUP

The taxable year of the common parent corporation shall be considered as the taxable year of an affiliated group which makes a consolidated return, and the consolidated net income must be computed on the basis of the taxable year of the common parent corporation.

ART. 15. LIABILITY FOR TAX

(a) *Several Liability of Members of Affiliated Group.*—Except as provided in paragraph (b), the common parent corporation and each subsidiary, a member of the affiliated group during any part of a consolidated return period, shall be severally liable for the tax (including any deficiency in respect thereof) computed upon the consolidated net income of the group.

(b) *Liability of Subsidiary After Withdrawal.*—If a subsidiary has ceased to be a member of the affiliated group, its liability under paragraph (a) shall remain unchanged, except that if such cessation occurred prior to the date upon which any deficiency is assessed and resulted from a bona fide sale of stock for fair value, the Commissioner may, if he believes that the assessment or collection of the balance of the deficiency will not be jeopardized, make assessment and collection of such deficiency from such former subsidiary in an amount not exceeding the portion thereof allocable to it upon the bases of income used in the computations respectively of the normal tax and any surtaxes included in such deficiency.

(c) *Effect of Intercompany Agreements.*—Any agreement entered into by one or more members of the affiliated group with any other members of such group or with any other person shall in no case have the effect of reducing the liability prescribed under this article.

(d) *Liability of Transferee Not Affected.*—This article shall not be considered as extinguishing or diminishing any liability, at law or in equity, of a transferee of property of a taxpayer, including any liability under any provision of law, State or Federal, relating to liabilities pursuant to corporate dissolution or transfer or distribution of assets, whether or not in connection with a merger or consolidation.

ART. 16. COMMON PARENT AGENT FOR SUBSIDIARIES

(a) *Scope of Agency of Common Parent.*—Except as provided in paragraphs (b) and (c) of this article—

The common parent corporation shall be for all purposes, in respect of the tax for the taxable year for which a consolidated return is made or is required, the sole agent, duly authorized to act in its own name in all matters relating to such tax, for each corporation which during any part of such year was a member of the affiliated group. The corporations, other than the common parent, shall not have authority to act for or to represent themselves in any such matter. For example, all correspondence will be carried on directly with the common parent; deficiency letters will be mailed only to the common parent, and the mailing to the

common parent shall be considered as a mailing to each such corporation; the common parent will file petitions and conduct proceedings before the Board of Tax Appeals, and any such petition shall be considered as having also been filed by each such corporation; the common parent will file claims for refund or credit; refunds will be made directly to and in the name of the common parent and will discharge any liability of the Government in respect thereof to any such corporation; and the common parent in its name will give waivers, give bonds, and execute closing agreements, offers in compromise, and all other documents, and any waiver or bond so given, or agreement, offer in compromise, or any other document so executed, shall be considered as having also been given or executed by each such corporation. Notwithstanding the provisions of this paragraph, however, any deficiency letter, in respect of the tax for a consolidated return period, will name each corporation which was a member of the affiliated group during any part of such period, and any assessment (whether of the original tax or of a deficiency) will be made in the name of each such corporation (but a failure to include the name of any such corporation will not affect the validity of the deficiency letter or the assessment as to the other corporations); and any notice or demand for payment, any distraint (or warrant in respect thereof), any levy (or notice in respect thereof), any notice of a lien, or any other proceeding to collect the amount of any assessment, after the assessment has been made, will name the corporation from which such collection is to be made. The provisions of this paragraph shall apply whether or not a consolidated return is made for any subsequent year, and whether or not one or more subsidiaries have become or have ceased to be members of the group at any time. Notwithstanding the provisions of this paragraph, the Commissioner may, if he deems it advisable, deal directly with any member of the affiliated group in respect of its liability, in which event such member shall have full authority to act for itself.

(b) *Effect of Withdrawal of Subsidiary.*—For the purpose of the assertion, assessment, and collection of any deficiency, and of a credit or refund of any amount paid by a former subsidiary as a deficiency determined under article 15 (b), but for no other purpose, the agency of the common parent corporation in respect of any subsidiary which has ceased to be a member of the affiliated group shall be terminated upon the expiration of 30 days (or prior thereto if the Commissioner consents) from the date upon which such subsidiary files written notice with the Commissioner that it has ceased to be a member of the affiliated group and that it is terminating such agency. For example, if a subsidiary has ceased to be a member of the group (and if the 30-day period has expired) prior to the mailing of a deficiency letter to the common parent, a separate deficiency letter will be mailed in due course to the subsidiary in respect of its deficiency if it becomes necessary to enforce its liability.

(c) *Effect of Dissolution of Common Parent.*—If the common parent corporation contemplates dissolution, or is about to be dissolved, or if for any other reason its existence is about to terminate, it shall forthwith notify the Commissioner of such fact and designate, subject to the approval of the Commissioner, another member of the group to act as agent in its place, to the same extent and subject to the same conditions and limitations as are applicable to the common parent corporation. If the notice thus required is not given by the common parent corporation, the remaining members of the affiliated group may, subject to the approval of the Commissioner, designate another member of the group to act as such agent, and notice of such designation shall be given to the Commissioner. Until a notice in writing designating a new agent has been received by the Commissioner, any notice or deficiency letter mailed to the common parent corporation shall be considered as having been properly mailed to the agent of the group; or, if the Commissioner has reason to believe that the existence of the common parent corporation has terminated, he may, if he deems it advisable, deal directly with any member of the affiliated group in respect of its liability.

ART. 17. WAIVERS

(a) *Effect of Waiver Given by Common Parent.*—Any consent given by the common parent corporation (or by an agent in accordance with paragraph (c) of article 16) extending the time within which an assessment may be made or distraint or proceeding in court begun, in respect of the tax for a consolidated return period, shall be applicable (1) to each corporation which was a member of the affiliated group during any part of such period (whether or not any such corporation has ceased to be a member of the group), and (2) to each corporation the income of which was included in the consolidated return, or which filed Form 1122, for such period, even though it is subsequently determined that such corporation was not a member of the group.

(b) *Acceptance of Waivers from Common Parent and Alleged Subsidiary.*—In no case will a separate waiver be accepted from a corporation the income of which was included in the consolidated return (for example, a corporation which the Commissioner determines was not a member of the group), or which filed Form 1122, unless a waiver is also obtained from the common parent corporation, or unless the Commissioner is dealing directly with such corporation to enforce its liability.

ART. 18. FAILURE TO COMPLY WITH REGULATIONS

(a) *Exclusion of a Subsidiary from Consolidated Return.*—If there has been a failure to include in the consolidated return the income of any subsidiary, or a failure to file any of the forms required by these regulations, notice thereof shall be given the common parent corporation by the Commissioner, and the tax liability of each member of the affiliated group shall be determined on the basis of separate returns unless such income is included or such forms are filed within the period prescribed in such notice, or any extension thereof, or unless under article 11 a consolidated return is required for such year.

(b) *Common Parent Incorrectly Designated in Consolidated Return.*—If a consolidated return includes a corporation as the common parent and such corporation was not (under the provisions of section 141 of the Act) the common parent, the tax liability of each corporation included in the return will be computed in the same manner as if separate returns had been made, unless, upon application, the Commissioner approves the making of a consolidated return, or unless under article 11 a consolidated return is required for such year.

(c) *Inclusion of One or More Subsidiaries Not Members of Group.*—If a consolidated return includes a corporation as a subsidiary and such corporation was not a member of the affiliated group during the consolidated return period, the tax liability of such corporation will be determined upon the basis of a separate return (but see paragraph (a)), and the consolidated return shall be considered as including only the corporations which were members of the affiliated group during such period. If the consolidated return includes two or more corporations which are not members of the affiliated group but which constitute a separate affiliated group, the tax liability of the corporations constituting the separate affiliated group will be computed in the same manner as if separate returns had been made by such corporations, unless the Commissioner, upon application, approves the making of a consolidated return for the separate affiliated group, or unless under article 11 a consolidated return is required for the separate affiliated group.

(d) *Effect of Authorization and Consent Filed Pursuant to Notice.*—If Form 1122 is filed by any corporation, pursuant to a notice under paragraph (a) of this article, such corporation shall be considered for all purposes as having joined in the making of the consolidated return.

(e) *Allocation of Payments in the Event of Change by One or More Corporations to Separate Returns.*—In any case in which amounts have been assessed and paid upon the basis of a consolidated return and the tax liability of one or more of the corporations included in the consolidated return is to be computed in the same manner as if separate returns had been made, the amounts so paid shall be allocated between

the affiliated group composed of the corporations properly included in the consolidated return and each of the corporations the tax liability of which is to be computed on a separate basis, in such manner as the corporations included in the consolidated return may, subject to the approval of the Commissioner, agree upon, or, in the absence of an agreement, upon the bases used in the respective computations of the normal tax and any surtaxes as shown upon the consolidated return.

PART III—COMPUTATION OF TAX, RECOGNITION OF GAIN OR LOSS, AND BASIS

ART. 30. COMPUTATION OF TAX

In the case of an affiliated group which makes, or is required to make, a consolidated return for any taxable year, the tax liability of each corporation for the period during such year that it was a member of such group shall be computed, in accordance with the provisions of section 13 of the Act, upon the basis of the consolidated normal-tax net income, and, in accordance with the provisions of section 14 of the Act, upon the basis of the consolidated undistributed net income of the group, such bases to be determined in accordance with these regulations. (See, however, article 15, relating to the liability of the members of the group.)

ART. 31. BASES OF TAX COMPUTATION

(*a*) *Definitions.*—In the case of an affiliated group of corporations which makes or is required to make a consolidated return for any taxable year, and except as otherwise provided in these regulations—

(1) The consolidated net income shall be the combined net income of the several affiliated corporations;

(2) The consolidated normal-tax net income shall be the combined normal-tax net income of the several affiliated corporations;

(3) The consolidated adjusted net income shall be the combined adjusted net income of the several affiliated corporations;

(4) The consolidated undistributed net income shall be the consolidated adjusted net income minus the sum of the consolidated dividends paid credit and the consolidated credit relating to contracts restricting dividends;

(5) The consolidated dividends paid credit shall be the combined dividends paid credit of the several affiliated corporations;

(6) The consolidated credit relating to contracts restricting dividends shall be an amount equal to the sum of such credits computed separately with respect to each of the several affiliated corporations.

(*b*) *Computations.*—The net income of the several corporations shall be computed in accordance with the provisions covering the determination of taxable income of separate corporations subject to the elimination of unrealized profits and losses in transactions between members of the group and ordinary dividend distributions from one member of the group to another member of the group (referred to in these regulations as intercompany transactions). Intercompany profits and losses which have been realized to the affiliated group through final transactions with persons other than members of the affiliated group, and intercompany transactions which do not affect the consolidated taxable net income, should not be eliminated. As used in this paragraph, the term "net income" includes the case in which the allowable deductions of the member exceed its gross income.

The normal-tax net income, the adjusted net income, and the credits allowable pursuant to the provisions of sections 26 and 27 of the Act shall be computed and determined in the case of each affiliated corporation in the same manner and subject to the same conditions as if a separate return were filed, except—

(1) The net income used in any such computation shall be the net income of the corporation determined in accordance with the provisions of this article;

(2) In the computation of adjusted net income, the consolidated normal tax shall be apportioned to the several members of the affiliated group upon the basis of the normal-tax net income of such members;

(3) The credit provided by section 26 (c) relating to contracts restricting dividends shall be computed in the case of each affiliated corporation (A) in an amount not greater than the excess of the adjusted net income of such corporation over its dividends paid credit; and (B) in disregard of any such contract to the extent that, on May 1, 1936, or at any time thereafter, due to the ownership within the group of all or a part of the contract obligations, or due to other relationships existing within the affiliated group, such contract, or any payment or setting aside in connection therewith, reflects an intercompany relationship or an intercompany transaction subject to elimination;

(4) In the computation of the dividends paid credit allowable to any member of the affiliated group, there shall be excluded all ordinary dividends paid during any consolidated return period to other members of the group;

(5) In the computation of any dividend carry-over allowable under section 27 (b) of the Act as a part of the dividends paid credit of any member of the affiliated group, there shall be excluded—

(A) Any dividends paid to another member of the affiliated group during a consolidated return period, and

(B) Dividends needed in the computation of the consolidated dividends paid credit for a prior year.

(*c*) *Statements and Schedules for Subsidiaries.*—The statement of gross income and deductions and the several schedules required by the instructions on the return must be prepared and filed by the common parent corporation in columnar form so that the details of the items of gross income, deductions, and credits, for each member of the affiliated group, may be readily audited. Such statements and schedules shall include in columnar form a reconciliation of surplus for each such corporation, together with a reconciliation of the consolidated surplus. Consolidated balance sheets as of the beginning and close of the taxable year of the group, taken from the books of the members of the group, shall accompany the consolidated return prepared in a form similar to that required for reconciliation of surplus.

ART. 32. METHOD OF COMPUTATION OF INCOME FOR PERIOD OF LESS THAN 12 MONTHS

If a corporation, during the taxable year of the group, becomes a member or ceases to be a member of an affiliated group which makes or is required to make a consolidated return for such year, the income of such corporation to be included in the consolidated return shall be computed on the basis of its income as shown by its books if the accounts are so kept that the income for the period during which it is a member of the group can be clearly and accurately determined. If the accounts are not so kept, the income to be included in the consolidated return shall be computed on the basis of that proportion of its income (subject to the elimination of items exempt from taxation and the addition of items not allowable as deductions in computing net income) for the full period covered by its books which the number of days for which its income is included in the consolidated return bears to the number of days in the full period covered by its books; but in the discretion of the Commissioner there may be eliminated before the proration is made items of income or deduction clearly and accurately determined to be attributable to particular periods, and, after the proration is made, such eliminated items will be added to (if items of income) or deducted from (if deductible items) the income determined by proration for the period to which such items are applicable. The credits allowable under sections 13 and 14 of the Act shall be given for the period to which they are properly applicable under the facts in the case.

ART. 33. GAIN OR LOSS FROM SALE OF STOCK OR BONDS

Gain or loss from the sale or other disposition (whether or not during a consolidated return period), by a corporation which during any period of time (included in a taxable year

beginning after December 31, 1935) has been a member of an affiliated group which makes or is required to make a consolidated return, of any share of stock or any bond or obligation issued by another corporation which during any part of such period was a member of the same group, shall be determined, and the extent to which such gain or loss shall be recognized and shall be taken into account shall also be determined, in the same manner, to the same extent, and upon the same conditions as though such corporations had never been affiliated (see sections 111 to 115, inclusive, and section 117 of the Act, and the regulations thereunder), except—

(1) In the case of a disposition (by sale, dissolution, or otherwise) during a consolidated return period to another member of the affiliated group (see articles 31 and 37); and

(2) That the basis for determining the gain or loss, in the case of shares of stock held during any part of a consolidated return period, shall be determined in accordance with article 34; and

(3) As provided in articles 35 and 36 (imposing certain limitations upon losses otherwise allowable upon sales of stock or bonds).

ART. 34. SALE OF STOCK—BASIS FOR DETERMINING GAIN OR LOSS

(*a*) *Scope of Article.*—This article prescribes the basis for determining the gain or loss upon any sale or other disposition (hereinafter referred to as "sale") by a corporation which is (or has been) a member of an affiliated group which makes (or has made) a consolidated return for the taxable year 1929 or any subsequent taxable year, of any share of stock issued by another member of such group (whether issued before or during the period that it was a member of the group and whether issued before, during, or after the taxable year 1929), and held by the selling corporation during any part of a period for which a consolidated return is made or required under these regulations.

For the basis in the case of sales which do not break the affiliation, see paragraph (*b*).

For the basis in the case of sales which break the affiliation and which are made within the period during which the selling corporation is a member of the affiliated group (whether or not during a consolidated return period), see paragraph (*c*).

For the basis in the case of sales made after the selling corporation has ceased to be a member of the affiliated group, see paragraph (*d*).

For the basis in the case of sales of bonds, see article 35.

(*b*) *Sales Which Do Not Break Affiliation.*—If, notwithstanding any such sale, the issuing corporation remains a member of the affiliated group, the basis shall be determined and adjusted in the same manner as if the selling corporation and the issuing corporation had never been members of an affiliated group. (See sections 111 to 115, inclusive, of the Act.)

(*c*) *Sales Which Break Affiliation Made While Selling Corporation Is Member of Group.*—If the sale is made within a period during which the selling corporation is a member of the affiliated group (whether or not during a consolidated return period), and if, as a result of such sale, the issuing corporation ceases to be a member of the affiliated group, the basis shall be determined as follows:

(1) The aggregate basis of all shares of stock of the issuing corporation held by each member of the group (exclusive of the issuing corporation) immediately prior to the sale, shall be determined separately for each member of the group, and adjusted in accordance with the Act (see sections 111 to 115, inclusive, of the Act);

(2) From the sum of the aggregate bases as determined in paragraph (1), there shall be deducted the sum of the losses of such issuing corporation sustained during each of the consolidated return periods (including only the taxable year 1929 and subsequent taxable years) after such corporation became a member of the group and prior to the sale of the stock to the extent that such losses could not have been availed of by such corporation as a net loss in computing its tax for such periods if it had made a separate return for each of such periods. For any taxable year in which the affiliated group sustained a consolidated loss not availed of in subsequent years as a deduction under net loss provisions, the amount deducted under this paragraph shall be reduced by an amount equal to that proportion of such consolidated loss which the loss of the issuing corporation for the year in which such loss was sustained bears to the aggregate losses of the members of the group;

(3) The sum of the aggregate bases of all shares of stock, after making the deduction under paragraph (2), shall then be apportioned among the members of the group which hold stock of the issuing corporation, by allocating to each such member that proportion of the sum of the aggregate bases so reduced which the aggregate basis of the stock in the issuing corporation held by such member bears to the sum of the aggregate bases;

(4) The aggregate basis as determined under paragraph (3) for each member of the group shall then be equitably apportioned among the several classes of stock of the issuing corporation held by such member according to the circumstances of the case—ordinarily by allocating to each class of such stock that proportion of the aggregate basis which the basis of each class of such stock held by it at the time of the sale is to the sum of the bases of the several classes of such stock held by it;

(5) The basis of each share of stock of each class held by a member of the group shall then be determined by dividing the basis apportioned to such class under paragraph (4) by the total number of shares of such class held by it.

Examples:

Application of Paragraph (c) (2)

Corporations P and S are affiliated and make consolidated returns showing the following gains and losses (losses indicated by parentheses):

Year	P	S	Consolidated
1929	($10,000)	($20,000)	($20,000)
1930	15,000	(18,000)	(3,000)
1931	13,000	(10,000)	3,000
1932	12,000	8,000	20,000
1933	8,000	(4,000)	4,000
1934	10,000	(20,000)	(10,000)
1935	20,000	20,000	50,000

On January 1, 1936, P sells the stock of S. The adjustment to be made to the basis of the stock for losses sustained by S during the consolidated return periods is $33,000, computed as follows:

Year of loss	Amount of loss	Extent separately available to S as net loss deduction	Reduction of adjustment by reason of consolidated loss	Adjustment under par. (c) (2)
1929	$20,000	$0	$18,000	$2,000
1930	18,000	0	3,000	15,000
1931	10,000	8,000	0	2,000
1933	4,000	0	0	4,000
1934	20,000	0	10,000	10,000
	72,000	8,000	31,000	33,000

Application of Paragraph (c) (3)

Corporations P, S_1, and S_2 are affiliated and making consolidated calendar year returns for 1934, 1935, and 1936. The aggregate bases of the stocks of the affiliated corporations in the hands of the members of the group are as follows:

	Common	Percent
Aggregate basis of S_1 stock in the hands of P	$100,000	100
Aggregate basis of S_2 stock in the hands of P	50,000	50
Aggregate basis of S_2 stock in the hands of S_1	50,000	50

On January 1, 1937, P sells its stock in S_2. The sum of the aggregate bases of the stock of S_2 in the hands of P and S_1 is $100,000. Assuming that the adjustment under paragraph (c) (2) is $20,000, such sum is reduced to $80,000. This sum ($80,000) is apportioned between P and S_1 by allocating

to each corporation $40,000, that is, that proportion of the $80,000 which the aggregate basis of S_2 stock in the hands of each corporation ($50,000) bears to the sum of the aggregate bases ($100,000). Accordingly, the basis for determining gain or loss from the sale of S_2 stock by P is $40,000.

(*d*) *Sales After Selling Corporation Has Ceased to be Member of Group.*—If the sale is made after the selling corporation has ceased to be a member of the affiliated group, such basis shall be determined in accordance with paragraph (*c*) of this article, except that—

(1) The aggregate basis (under paragraph (*c*) (1)) shall be determined for all shares of the issuing corporation held by each member of the group immediately prior to the time the selling corporation ceased to be a member of the group (rather than immediately prior to the sale);

(2) The allocations (under paragraph (*c*) (3)) shall be made to each member of the group which held stock of the issuing corporation immediately prior to the time the selling corporation ceased to be a member of the group (rather than to the members holding such stock at the time of the sale); and

(3) The basis of each share of stock held by the selling corporation (determined, as above, as of the time the selling corporation ceased to be a member of the group) shall then be adjusted in accordance with the Act (see, particularly, sections 111 to 115, inclusive, of the Act) in order to determine the basis at the time of the sale.

(*e*) *Definition of "Loss", "Consolidated Loss", and "Net Loss."*—As used in this article the term "loss" means the excess of the allowable deductions over the gross income and the term "consolidated loss" means the excess of the sum of the losses, separately computed, over the sum of the net incomes, separately computed, of the members of the affiliated group, determined in accordance with the provisions of the Revenue Act applicable to the period. See article 31. The term "net loss" means a net loss determined in accordance with the provisions of the Revenue Act applicable to the period.

ART. 35. SALE OF BONDS—BASIS FOR DETERMINING GAIN OR LOSS

In the case of a sale or other disposition by a corporation, which is (or has been) a member of an affiliated group which makes (or has made) a consolidated return for the taxable year 1929 or any subsequent taxable year, of bonds or obligations issued by another member of such group (whether or not issued while it was a member of the group and whether issued before, during, or after the taxable year 1929), the basis of each bond or obligation, for determining the gain or loss upon such sale or other disposition, shall be determined in accordance with the Act (see, particularly, section 113 of the Act), but the amount of any loss otherwise allowable shall be decreased by the excess (if any) of the aggregate of the deductions computed under paragraph (*c*) (2) of article 34 over the sum of the aggregate bases of the stock of the issuing corporation as computed under paragraph (*c*) (1) or (*d*), as the case may be, held by the members of the affiliated group. (See, also, article 40, relating to disallowance of loss upon intercompany bad debts.)

ART. 36. LIMITATION ON ALLOWABLE LOSSES ON SALE OF STOCK OR BONDS

(*a*) *General Rule.*—No loss shall be allowed under article 33, 34, or 35 upon the sale or other disposition of stock or bonds or obligations to the extent that such loss is attributable to (1) transfers of assets within the affiliated group (by sale, gift, or otherwise) without consideration or at markedly fictitious values, during the period in which the corporations were affiliated (whether or not a consolidated return was made and whether before, during, or after the first taxable year beginning after December 31, 1935), or (2) a distribution during a period in which the corporations were affiliated of earnings or profits accumulated prior to the date upon which the distributing corporation became a member of the affiliated group.

(*b*) *Qualification of General Rule.*—Paragraph (*a*) of this article shall not be considered as in any way limiting the operation of the provisions of the Act relating to the basis for determining gain or loss upon the sale or other disposition of property (see sections 111 to 115, inclusive), but as being in amplification of and not in substitution for such provisions; subject, however, to this qualification: that to the extent that the transfers of assets referred to in paragraph (*a*) are taken into account under the terms of the Act in making adjustments in the basis, such transfers will not be taken into account in denying losses under paragraph (*a*).

ART. 37. LIQUIDATIONS—RECOGNITION OF GAIN OR LOSS

(*a*) *During Consolidated Return Period.*—Gain or loss shall not be recognized upon a distribution during a consolidated return period by a member of an affiliated group to another member of such group in cancellation or redemption of all or any portion of its stock, except—

(1) Where such distribution is in complete liquidation and redemption of all of the stock (whether in one distribution or a series) falls without the provisions of section 112 (b) (6) of the Act and is the result of a bona fide termination of the business and operations of such member of the group, in which case it shall be treated as a sale of the stock, the adjustments specified in articles 34 and 35 will be made, and article 36 will be applicable; and

(2) Where such a distribution without the provisions of section 112 (b) (6) is one made in cash in an amount in excess of the adjusted basis of the stock.

When the business and operations of the liquidated member of the affiliated group are continued by another member of the group, it shall not be considered a bona fide termination of the business and operations of the liquidated member. (With respect to the acquisition of its bonds by the issuing company, see article 41 (*b*).)

For the purpose of determining whether an affiliated corporation receiving property in a liquidating distribution qualifies under the provisions of section 112 (b) (6) (A) of the Act, the aggregate amount of the stock of the liquidated corporation owned by the several members of the affiliated group on the date of the adoption of the plan of liquidation and at all times subsequent thereto and prior to the receipt of the property in liquidation shall be considered as owned by the distributee.

(*b*) *After Consolidated Return Period.*—Any such distribution after a consolidated return period, whether in complete or partial liquidation, except a complete liquidation within the provisions of section 112 (b) (6), shall be treated as a sale of the stock, and the adjustments specified in articles 34 and 35 will be made, and article 36 will be applicable.

ART. 38. BASIS OF PROPERTY

(*a*) *General Rule.*—Subject to the provisions of paragraphs (*b*) and (*c*) and except as otherwise provided in article 34, the basis during a consolidated return period for determining the gain or loss from the sale or other disposition of property, or upon which exhaustion, wear and tear, obsolescence, and depletion are to be allowed, shall be determined and adjusted in the same manner as if the corporations were not affiliated (see sections 111 to 115, inclusive, of the Act), whether such property was acquired before or during a consolidated return period. Such basis immediately after a consolidated return period (whether the affiliation has been broken or whether the privilege of making a consolidated return is not exercised) shall be the same as immediately prior to the close of such period.

(*b*) *Intercompany Transactions.*—The basis prescribed in paragraph (*a*) shall not be affected by reason of a transfer during a consolidated return period, other than upon liquidation as provided in (*c*) (whether by sale, gift, dividend, or otherwise), from a member of the affiliated group to another member of such group.

(*c*) *Basis After Liquidation.*—(1) Where property is acquired during a taxable year beginning after December 31, 1935, upon a distribution described in article 37 (*a*) in which gain or loss is recognized to the distributee, the basis of such property shall be its fair market value at date of acquisition.

(2) Where property is acquired during a taxable year beginning after December 31, 1935, upon a distribution in which gain or loss to the distributee is not recognized pursuant to the provisions of section 112 (b) (6) of the Act, the basis of such property shall be the same as it would be in the hands of the transferor.

(3) Where property is acquired during a taxable year beginning after December 31, 1935, upon a distribution (not a complete liquidation within the provisions of section 112 (b) (6) of the Act) in which gain or loss to the distributee is not recognized as provided in article 37 (*a*), the basis of such property shall be the same as the basis (determined in accordance with sections 111 to 115, inclusive, of the Act, and article 34) of the stock exchanged therefor, adjusted—

(A) For the transfer of assets within the affiliated group by the distributing corporation (by sale, gift, or otherwise) without consideration or at markedly fictitious values, during the period for which the corporations were affiliated (whether or not a consolidated return was made and whether before, during, or after the first taxable year beginning after December 31, 1935);

(B) For distributions during a consolidated return period of earnings or profits accumulated prior to the date upon which the distributing corporation became a member of the affiliated group; and

(C) For cash received in the distribution.

(*d*) *Basis Not Affected by Acquisition or Sale of Stock.*—Neither the acquisition of stock of a corporation nor its sale or other disposition shall affect the basis of the property of such corporation for determining gain or loss or upon which exhaustion, wear and tear, obsolescence, and depletion are to be allowed.

ART. 39. INVENTORIES

(*a*) *Consolidated Return Made After Separate Return.*—Where a corporation has made a separate return and in the succeeding taxable year is a member of an affiliated group which makes a consolidated return, the value of its opening inventory to be used in computing the consolidated net income for such succeeding taxable year shall be the proper value of the closing inventory used in computing its net income for the preceding taxable year. For example, corporation S made a separate return for 1935. It becomes a member of an affiliated group for 1936. Its closing inventory for 1935 was $100,000. The opening inventory for 1936 will be $100,000, assuming that its closing inventory for 1935 was properly computed.

(*b*) *Separate Return Made After Consolidated Return.*—If a corporation has been a member of an affiliated group which has made a consolidated return and in the succeeding taxable year makes a separate return, the value of the opening inventory to be used in computing its net income for such succeeding taxable year shall be the proper value of the closing inventory used in computing consolidated net income for the preceding taxable year. For example, corporation S joins in making a consolidated return for 1935 and makes a separate return for 1936. The proper value of its closing inventory for 1935 after eliminating intercompany profits is $90,000. Accordingly its opening inventory for computing its net income for 1936 will be $90,000.

ART. 40. BAD DEBTS

(*a*) *Deduction During Consolidated Return Period.*—No deduction shall be allowed during a consolidated return period to any member of the affiliated group on account of worthlessness in whole or in part of any obligation (including accounts receivable, bonds, notes, debts, and claims of whatsoever nature) of any other member of the group.

(*b*) *Limitation on Allowance After Consolidated Return Period.*—The rules applicable to the allowance of losses upon the sale of bonds shall be applicable to the allowance after the consolidated return period as bad debts of obligations (including accounts receivable) of a member of a group acquired in any way by another member of the group prior to or during the consolidated return period. (See article 35.)

ART. 41. SALE AND RETIREMENT BY CORPORATION OF ITS BONDS

(*a*) *Issued at Discount or Premium.*—If a corporation, which during any taxable year (beginning after December 31, 1935) has been a member of an affiliated group which makes or is required to make a consolidated return, has issued its bonds at a discount or premium (whether before, during, or after the first taxable year beginning after December 31, 1935, and whether or not during a consolidated return period), deduction will be allowed for the amortization of the discount, and income included for the amortization of the premium, in the same manner, to the same extent, and upon the same conditions as if the corporation had never been affiliated, except that no deduction for amortization of discount shall be allowed, and no income shall be included for amortization of premium, during a period for which a consolidated return is made, on bonds of one member of the affiliated group owned by another member of such group.

(*b*) *Acquisition of Bonds by Issuing Company.*—If a corporation which during any taxable year (beginning after December 31, 1935) has been a member of an affiliated group which makes or is required to make a consolidated return, acquires its bonds (whether or not from another member of such affiliated group and whether or not during a consolidated return period), gain or loss shall be recognized in the same manner, to the same extent, and upon the same conditions as if the corporation had never been affiliated, except that, if such bonds are acquired from another member of the affiliated group during a consolidated return period, in determining the gain or loss to the issuing company from such acquisition, the basis thereof to such other member of the group shall be deemed the purchase price.

ART. 42. LIMITATION ON CAPITAL LOSSES

The limitations provided by sections 23 (j) and 117 (d) of the Act upon deductions for losses from sales or exchanges of capital assets shall be applied, in respect of such losses sustained during a consolidated return period, to each member of the affiliated group in the same manner, to the same extent and upon the same conditions as if a separate return were filed by such member, except that gain or loss will not be recognized upon sales or exchanges between members of the affiliated group. See, however, article 37.

ART. 43. CREDIT FOR FOREIGN TAXES

The credit allowed a domestic corporation for taxes paid or accrued during the consolidated return period to any foreign country or to any possession of the United States (under section 131 of the Act) shall be computed in the same manner, and upon the same conditions as if a separate return were filed by such corporation, except—

(1) In computing the credit, the "entire net income" for the taxable year shall be its separate net income as defined in article 31 (*b*), and the "tax against which such credit is taken" shall be that proportion of the tax computed upon the consolidated net income of the affiliated group which is allocable to such corporation, and

(2) The aggregate of the credits for foreign taxes computed for each member of the affiliated group shall be credited against the tax computed upon the consolidated net income of the group.

For example, Corporations P, S_1, and S_2, liable in fact only to the normal tax, are affiliated and make a consolidated return for 1936 showing the following results (losses indicated by parentheses):

Company	Domestic income	Foreign income		Total income	Foreign tax	
		British	Canadian		British	Canadian
P	$25,000	$10,000	$5,000	$100,000	$2,000	$500
S_1	(20,000)			(20,000)		
S_2	90,000	(5,000)	5,000	90,000		500
	115,000	5,000	10,000	120,000	2,000	1,000

Consolidated net income	$130,000
Normal tax	18,340

Allocation of tax:

$P = \frac{100,000}{150,000} \times \$18,340 = \$12,226.67$

$S_1 =$ ---------- None

$S_2 = \frac{50,000}{150,000} \times \$18,340 = \$6,113.33$

$18,340.00

Corporation P—

Limitation under section 131 (b) (1):

British income $10,000 / Total income 100,000 × $12,226.67 = $1,222.67
British tax ---------- 2,000.00
Credit limitation ---------- $1,222.67
Canadian income $5,000 / Total income 100,000 × $12,226.67 = $611.34
Canadian tax ---------- 500.00
Credit limitation (not in excess of tax paid) ---------- 500.00
Total limitation ---------- 1,722.67

Limitation under section 131 (b) (2):

Total foreign income $15,000 / Total income 100,000 × $12,226.67 = $1,834.00
Credit allowable ---------- 1,722.67

Corporation S_2—

Limitation under section 131 (b) (1):

Canadian income $5,000 / Total income $50,000 × $6,113.33 = $611.33
Canadian tax ---------- 500.00
Credit limitation (not in excess of tax paid) ---------- $500.00

Limitation under section 131 (b) (2):

Total foreign income (none) / Total income $50,000 × $6,113.33 = ---------- 0
Credit limitation ---------- 0
Credit allowable ---------- None

Aggregate credits for foreign tax:

Corporation P ---------- $1,722.67
Corporation S_2 ---------- None
Total ---------- 1,722.67

Normal tax ---------- 18,340.00
Credit for foreign income taxes ---------- 1,722.67
Balance of normal income tax ---------- 16,617.33

ART. 44. METHODS OF ACCOUNTING

(*a*) *In General.*—For the purpose of determining consolidated net income, all members of the affiliated group shall adopt that method of accounting which clearly reflects the consolidated net income. A method of accounting which does not treat with reasonable consistency all items of gross income and deductions of the various members of the group shall not be regarded as clearly reflecting the consolidated net income. For example, one member of the group will not be permitted to report items of income or deductions on the cash method of accounting, while another member of the same group reports the same or similar items on the accrual method. The provisions of this paragraph are subject to the exceptions stated in paragraph (*b*).

(*b*) *Combination of Methods.*—For the purpose of determining consolidated net income, if the members of an affiliated group have established different methods of accounting, each member may retain such method with the consent of the Commissioner, provided that the consolidated net income is clearly reflected, and provided further, that intercompany transactions affecting consolidated net income, between members of the affiliated group shall be eliminated and adjustments on account of such transactions shall be made with reference to a uniform method of accounting, to be selected by the members of the affiliated group with the consent of the Commissioner.

(*c*) *Change to Accrual Method.*—In the case of a corporation which previously has reported its income (whether in a separate or a consolidated return) in accordance with a method other than the accrual method and is required under this article to report its income for the taxable year under the accrual method, items of income which accrued prior to the taxable year but were properly omitted in the determination of net income under the method of accounting formerly followed shall be included in the income for the taxable year of the change in accounting method and items of income which were properly included in the determination of net income under the method of accounting formerly followed shall not be included in the income for the taxable year of the change or any subsequent year. In such a case, deductions which accrued prior to the taxable year but which were properly omitted in the determination of net income under the method of accounting formerly followed shall be allowed for the taxable year of the change in accounting method, and deductions which were properly included in the determination of net income under the method of accounting formerly followed shall not be allowed in the determination of net income for the taxable year of change or any subsequent year.

[SEAL] GUY T. HELVERING,
Commissioner of Internal Revenue.

Approved December 22, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 3933—Filed, December 22, 1936; 4:00 p. m.]

POST OFFICE DEPARTMENT.

IMPORT PERMITS IN CONNECTION WITH PARCEL POST PACKAGES FOR POLAND

DECEMBER 9, 1936.

Import permits are required for all parcels addressed for delivery in Poland which contain articles subject to import restrictions. Persons in Poland desiring to receive merchandise which is subject to import restrictions must obtain from the Ministry of Industry and Commerce of that country an import permit, which permit should be forwarded to the mailers for inclusion in the parcel. The wrappers of such parcels should be marked to indicate that the import permit is enclosed.

The Postal Administration of Poland has advised that while inclusion of the import permit in the parcels greatly simplifies clearance through the Polish Customs, there will be no objection to the acceptance of parcels, at the risk of the senders, when they are presented for mailing without the import permits being enclosed, as the addressees are allowed 28 days in which to produce the required documents. Detention of the parcels pending the production of the permit, of course, gives rise to payment of storage charges by the addressees, or by the senders in case the parcels prove to be undeliverable and are returned to origin.

Postmasters are directed to accept for mailing to Poland parcels subject to import restrictions, which are presented without the required import permit being enclosed, only with a definite understanding that if the parcels are returned in consequence of failure of the addressees to obtain the required permit within the 28-day period allowed by Poland, the senders will be expected to pay the return charges due on the parcels.

It is understood that the following are not subject to import restrictions in Poland and do not, therefore, require import permits:

1. Parcels containing merchandise other than de luxe articles and not having a commercial character, if the weight of the merchandise contained in a single package does not exceed 250 grams (approximately 9 ounces).

2. Parcels containing merchandise whose gross weight does not exceed 2 kilograms (4 pounds 6 ounces) sent as gifts and not for commercial purposes, if that fact can be established or if it is evident from the nature of the shipment or the personal circumstances of the addressee.

3. Illustrated periodicals and newspapers in foreign languages.

4. Unillustrated periodicals and newspapers in foreign languages.

5. Illustrated periodicals in the Polish language, by virtue of a permit from the Minister of Finance.

6. Unillustrated periodicals and newspapers in the Polish language whose editors are situated outside Polish customs territory.

7. Photographs in single copies, even in the form of post cards, and photographs sent to newspapers and periodicals for publication.

8. Sketches and drawings of machines and apparatus, imported by native shops making machines and apparatus.

9. Advertising books and pamphlets, placards, price lists, catalogs, prospectuses, etc., of foreign firms, or concerning foreign tourist advertising.

10. Cardboard matrices ready for use, for announcements and illustrations, in single copies.

11. Labels, drawings, trade marks, etc., sent by foreign buyers of native merchandise to the firms producing such merchandise for exportation and conditionally cleared by the customs.

12. Used clothing, underwear, and shoes sent as gifts to indigent persons and exempt from customs duty by virtue of a certificate of indigence and a list of the articles visaed by a Polish Consul.

13. Bacteriological cultures.

14. Books and pamphlets with or without illustrations.

15. Sheet music.

16. Maps and plans, including atlases.

17. Check books of foreign banks.

18. Foreign railroad tickets and tickets for communication with foreign countries.

19. Schedules of any means of communication, except on Polish Customs territory.

20. Postage stamps sent for philatelic purposes.

The above supersedes the information appearing in the third and fourth paragraphs of the subheading "Observations" of the item "Poland—Parcel post" on page 479 of the current Official Postal Guide, as well as that published as Changes Nos. 9 and 23 in the August and October Supplements, respectively.

Postmasters will cause due notice of the foregoing to be taken at their offices.

[SEAL] J. W. COLE,
Acting Second Assistant Postmaster General.

[F. R. Doc. 3942—Filed, December 23, 1936; 11:13 a. m.]

DEPARTMENT OF AGRICULTURE.

Agricultural Adjustment Administration.

GSQR Series 3, No. 6 Issued December 22, 1936

[General Sugar Quota Regulations, Series 3, Revision 2, Supplement 3]

ADJUSTMENT IN QUOTAS FOR THE CALENDAR YEAR 1936

By virtue of the authority vested in the Secretary of Agriculture by Public Resolution No. 109, approved June 19, 1936, and by the Agricultural Adjustment Act, approved May 12, 1933, as amended (hereinafter referred to as the "act"), I, H. A. Wallace, Secretary of Agriculture, in order to regulate commerce with Cuba and other foreign countries, among the several States, with the Territories and possessions of the United States, and the Commonwealth of the Philippine Islands, with respect to sugar, having due regard to the welfare of domestic producers and to the protection of domestic consumers and to a just relation between the prices received by domestic producers and the prices paid by domestic consumers, do hereby make, prescribe, publish, and give public notice of these regulations (constituting a supplement to General Sugar Quota Regulations, Series 3, Revision 2), which shall have the force and effect of law and shall remain in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture.

1. It is hereby determined, pursuant to Section 8a (2) (D) of the said act, that for the calendar year 1936 the Territory of Hawaii will be unable by an amount of 26,482 short tons of sugar, raw value, to produce and deliver the quota established for that area in General Sugar Quota Regulations, Series 3, Revision 2, issued July 2, 1936.

2. There are hereby allotted, pursuant to the determination made in paragraph 1 hereof and to Section 8a (2) (D) of the said act, to the following sugar producing areas[1] the following additional quotas:

Area:	*Additional quotas in terms of short tons, raw value*
The States of Louisiana and Florida	3,024
Puerto Rico	7,015
Cuba	16,219
Foreign countries other than Cuba[2]	224

3. It is hereby determined, pursuant to the said Public Resolution No. 109 and to Section 8a (1) (A) of the said act, that the additional quota fixed in paragraph 2 hereof for Cuba may be filled by shipments of direct-consumption sugar not in excess of 3,568 short tons, raw value.

In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the District of Columbia, city of Washington, this 22nd day of December 1936.

[SEAL] H. A. WALLACE, *Secretary.*

[F. R. Doc. 3944—Filed, December 23, 1936; 11:56 a. m.]

GSQR Series 3, No. 7. Issued December 22, 1936

[General Sugar Quota Regulations, Series 3, Revision 2, Supplement 4]

ADJUSTMENT IN QUOTAS FOR THE CALENDAR YEAR 1936

By virtue of the authority vested in the Secretary of Agriculture by Public Resolution No. 109, approved June 10, 1936, and by the Agricultural Adjustment Act, approved May 12, 1933, as amended (hereinafter referred to as the "act"), I, H. A. Wallace, Secretary of Agriculture, in order to regulate commerce with Cuba and other foreign countries, among the several States, with the Territories and possessions of the United States, and the Commonwealth of the Philippine Islands, with respect to sugar, having due regard to the welfare of domestic producers and to the protection of domestic consumers and to a just relation between the prices received by domestic producers and the prices paid by domestic consumers, do hereby make, prescribe, publish, and give public notice of these regulations (constituting a supplement to General Sugar Quota Regulations, Series 3, Revision 2), which shall have the force and effect of law and shall remain in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture.

1. It is hereby determined, pursuant to Section 8a (2) (D) of the said act, that for the calendar year 1936 the Virgin Islands will be unable by an amount of 2,230 short tons of sugar, raw value, to produce and deliver the quota established for that area in General Sugar Quota Regulations, Series 3, Revision 2, issued July 2, 1936.

2. There are hereby allotted, pursuant to the determination made in paragraph 1 hereof and to Section 8a (2) (D) of the said act, to the following sugar producing areas[1] the following additional quotas:

Area:	*Additional quotas in terms of short tons, raw value.*
The States of Louisiana and Florida	254
Puerto Rico	591
Cuba	1,365
Foreign countries other than Cuba[2]	19

[1] In view of the determination made in paragraph 4, Section II, of General Sugar Quota Regulations, Series 3, Revision 2, the allotment which would otherwise be made to the continental United States Beet Sugar Producing area is prorated among the areas listed in paragraph 2 hereof.

[2] The additional quota of 19 tons of sugar, raw value, established in paragraph 2 hereof for "Foreign countries other than Cuba" shall represent an additional reserve for further allotment to such countries.

[3] The additional quota of 224 tons of sugar, raw value, established in paragraph 2 hereof for "Foreign countries other than Cuba" shall represent an additional reserve for further allotment to such countries.

3. It is hereby determined, pursuant to the said Public Resolution No. 109 and to Section 8a (1) (A) of the said act, that the additional quota fixed in paragraph 2 hereof for Cuba may be filled by shipments of direct-consumption sugar not in excess of 300 short tons, raw value.

In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the District of Columbia, city of Washington, this 22nd day of December 1936.

[SEAL] H. A. WALLACE, *Secretary.*

[F. R. Doc. 3945—Filed, December 23, 1936; 11:57 a. m.]

PRSO No. 4, Revision 2. SUPPLEMENT 2. ISSUED DECEMBER 22, 1936.

[Puerto Rico Sugar Order No. 4, Revision 2, Supplement 2]

ALLOTMENT OF ADDITIONAL QUOTA TO PUERTO RICO

By virtue of the authority vested in the Secretary of Agriculture by Public Resolution No. 109, 74th Congress, approved June 19, 1936, and by Section 8a of the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, do hereby make, issue, publish, and give public notice of this order (being a second supplement to Puerto Rico Sugar Order No. 4, Revision 2) which shall have the force and effect of law and shall continue in force and effect until amended or superseded by orders or regulations hereafter made by the Secretary of Agriculture.

I

Whereas, pursuant to General Sugar Quota Regulations, Series 3, Revision 2, Supplements 3 and 4, an additional quota of 7,606 short tons of sugar, raw value, has been established for Puerto Rico, and

Whereas, I hereby find that total surplus stocks in excess of the allotments heretofore issued for the calendar year 1936, amount to 110,797 tons of sugar, raw value, and

Whereas, I hereby find that unless the marketing of sugar from Puerto Rico is regulated, the aforesaid surplus stocks of sugar, being in excess of the additional quota established for Puerto Rico for consumption in continental United States as aforesaid and of the estimated market demand during the calendar year 1936 for sugar for consumption outside of continental United States, will cause disorderly marketing.

II

Now, therefore, upon the basis of the foregoing findings and pursuant to the foregoing authority, it is hereby ordered:

1. That the additional quota of 7,606 short tons of sugar, raw value, shall be allotted to the following processors in the amounts which appear opposite their respective names:

Name of Processor:	*Additional Marketing Allotment*
Aguirre	1,568
Cambalache	194
Canovanas	343
Carmen	85
Coloso	125
Constancia-Toa	-----
El Ejemplo	98
Eureka	5
Fajardo	617
Guanica	1,229
Guamani	60
Herminia	-----
Igualdad	80
Juanita	-----
Lafayette	248
Plazuela-Los Canos	-----
Monserrate	91
Pellejas	-----
Plata	26
Playa-Grande	42
Rochelaise	80
Roig	214
Rufina	356
San Vicente	124
Santa Barbara	32
Soller	13
Vannina	-----
Victoria	63
Eastern Sugar Associates	1,421
San Francisco	37
Caribe	-----
Constancia-Ponce	67
Mercedita	150
Boca-Chica	239
	7,606

2. That during the calendar year 1936 the above-named processors are hereby forbidden from importing into continental United States for consumption, or which shall be consumed therein, any sugar from Puerto Rico in excess of the marketing allotments heretofore issued in Puerto Rico Sugar Order No. 4, Revision 2, Puerto Rico Sugar Order No. 4, Revision 2, Supplement 1, and the additional marketing allotments set forth in paragraph one hereof.

3. That the additional marketing allotments fixed herein shall not be assigned or transferred without the approval of the Secretary, or his duly appointed agent.

4. That where surplus stocks of sugar have been processed from growers' surplus sugarcane, and settlement with growers has been made in terms of sugar, such growers' surplus sugar shall share in the additional allotment herein made to the processors on a pro rata basis.

5. That whenever any person is aggrieved because of any allotment made to him, or to any other person, or because he has received no allotment, or because of any provision herein, he may make application in writing under oath to the Secretary for the adjustment of any allotment, or for the issuance of an allotment, or for the modification of any provision herein, which application shall fully set forth his complaint and the facts in support thereof. If upon the basis of such application, the Secretary has reason to believe that the complaint is well founded, he will give due notice and opportunity for the interested persons to be heard on such application. Upon the basis of the record obtained at such hearing, the Secretary may grant or deny, in whole or in part, said application.

If any provision herein is declared invalid, in whole or in part, the validity of the remaining provisions shall not be affected thereby, and if any provision is declared inapplicable to any person or circumstance, the applicability of such provision to any other person or circumstance shall not be affected thereby.

The Secretary may by designation in writing name any person, including any officer or employee of the Government, or any bureau, or division in the Department of Agriculture, to act as his agent or agencies in exercising any power herein vested in him.

In testimony whereof, H. A. Wallace, Secretary of Agriculture, has hereunto set his hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, District of Columbia, this 22nd day of December 1936.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

[F. R. Doc. 3943—Filed, December 23, 1936; 11:56 a. m.]

DEPARTMENT OF COMMERCE.

Bureau of Marine Inspection and Navigation.

RULES AND REGULATIONS FOR ISSUANCE OF CERTIFICATES OF SERVICE AND EFFICIENCY, AND OF CONTINUOUS DISCHARGE BOOKS

By virtue of the authority prescribed by sections 1 and 7 of the act of June 25, 1936 (Public Law No. 808, 74th Congress, 49 Stat., p. 1930), the following rules and regulations are prescribed for the carrying out of the provisions of section 1 of the foregoing act of June 25, 1936, amending section 13 of the Seamen's Act of March 4, 1915 (38 Stat., p. 1169), and section 3 of the said act amending section 4551 R. S., relative to the issuance of certificates of service to able

seaman, certificates of efficiency to lifeboat man, certificates of service to qualified member of the engine department, certificates of service to persons other than able seamen and qualified members of the engine department, and continuous discharge books.

SEC. 1. *General.*—(a) An applicant for any of the above certificates, or for a continuous discharge book shall make written application, in duplicate, on Form 719–b, furnished by the Department of Commerce. The placing of finger or thumb prints on the application shall be optional with the seaman. This application may be for as many certificates or ratings for which the seaman believes he is qualified. In the case of a seaman applying for his first certificate, the application shall include a request for a continuous discharge book.

(b) An applicant for a certificate of service for a rating other than as able seaman or qualified member of the engine department shall take oath before one of the local inspectors that he will faithfully and honestly perform all the duties required of him by law and carry out all lawful orders of his superior officers on ship-board.

(c) Every person employed on any merchant vessel of the United States of 100 tons gross and upward, except those navigating rivers exclusively and the smaller inland lakes, below the rank of licensed officer, shall have a certificate of service issued by a board of local inspectors.

(d) When the application is submitted for a continuous discharge book and one certificate of service, the seaman shall furnish four (4) unmounted photographs (1½ x 2 inches) taken within 1 year. The photograph shall show the full face at least 1 inch in height, and shall show the bare head.

(e) When the application is for a certificate of service only, three (3) such photographs shall be furnished. When additional certificates are requested, one (1) additional photograph is required for each additional certificate.

(f) The applicant shall produce with his application, discharges or affidavits as documentary evidence of his service, indicating the names of the vessels on which he has had service, in what capacity, and on what waters.

(g) All existing certificates of service as able seaman or certificates of efficiency as lifeboat man, shall be surrendered, effective December 26, 1936, or at such later date as may be fixed by the Secretary of Commerce, as authorized by the Act.

(h) All applications for certificates of service or efficiency shall be presented by the applicant in person to a board of local inspectors.

(i) If the applicant possesses a continuous discharge book, it shall be exhibited to the board.

(j) Applications in the form hereto attached will be furnished to applicants for certificates of service and efficiency and continuous discharge books.[1]

SEC. 2. *Continuous Discharge Books (Sec. 3 act of June 25, 1936, amending Sec. 4551 R. S.).*—(a) Every seaman employed on any merchant vessel of the United States of 100 gross tons or over (except vessels employed exclusively in trade on the navigable rivers of the United States) shall be issued a continuous discharge book upon application therefor, which shall be retained by him. This book will bear a number, and this same number shall be shown on all certificates of service or efficiency issued to the holder of the book. The term "navigable rivers" shall be held to include all waters over which a vessel inspected and certificated under the General Rules and Regulations prescribed by the Board of Supervising Inspectors for "Rivers" is permitted to be navigated.

(b) The shipping commissioner or collector or deputy collector of customs, at ports where no shipping commissioner has been appointed, shall fill in the information required in the continuous discharge book, which information shall be taken from the application, Form 719–b, and shall include the name of the seaman in full, his date of birth, personal description, statement of nationality, home address, and grade and number of licenses or certificates held. He shall also attach the seaman's photograph in the size and style herein required, impressing his official seal partly over same, and witness the seaman's signature. Care must be taken that the above information is correctly entered.

(c) Every seaman, as referred to in subsection (a) of this section, shall produce a continuous discharge book to the U. S. Shipping Commissioner before signing articles of Agreement, and where the seamen are not signed on before a shipping commissioner the continuous discharge book shall be produced to the master of the vessel at the time of his employment, as follows: As to vessels engaged in foreign and intercoastal voyages, 6 months after the enactment of the act, and as to all other vessels within one year after the enactment of the act. When a seaman has lost his book and has made application for a duplicate book, he may produce a Temporary Certificate of Discharge, Form 719–A, in lieu thereof.

(d) Only black ink shall be used in making entries in continuous discharge books.

SEC. 3. *Able Seaman (Sec. 1 (a), act June 25, 1936, amending Sec. 13, act March 4, 1915).*—An applicant for a certificate of service as able seaman shall be at least 19 years of age and meet the following service requirements:

(a) Three years' service on deck at sea or on the Great Lakes on vessels of 100 gross tons or over to which sec. 1 (a) of the act of June 25, 1936, amending sec. 13 of the act of March 4, 1915, applies, including decked fishing vessels and vessels in United States Government service of such tonnage. (Green Certificate—Any Waters.)

(b) Graduates of school ships approved by and conducted under rules of the Secretary of Commerce who have served 12 months at sea following graduation. (Green Certificate—Any Waters.)

(c) 12 months on deck of such vessels at sea or on the Great Lakes. (Blue Certificate—Any Waters—holders of certificates under this provision being limited to one-fourth of the number required by law to be employed on a vessel.)

(d) 18 months service on deck at sea or on the Great Lakes, smaller lakes, bays, or sounds on vessels of 100 gross tons or over to which sec. 1 (a) of the act of June 25, 1936, amending sec. 13 of the act of March 4, 1915, applies, including decked fishing vessels and vessels in United States Government Service of such tonnage. (Blue Certificate—When used on the high seas, holders of certificates under this provision being limited to one-fourth of the number required by law to be employed on a vessel.)

(e) No candidate for certificate of service as able seaman shall be examined until he presents an official certificate of a physician of the United States Public Health Service that his eyesight, hearing, and physical condition are such that he can perform the duties required of an able seaman, and that his color sense is normal.

(f) Before such a certificate is issued to any applicant, he shall prove to the satisfaction of the board of local inspectors, both by oral examination and by actual demonstration, that he has been trained in all the operations connected with the launching of lifeboats and life rafts, and the use of oars; that he is acquainted with the practical handling of the boats themselves; and, further, that he is capable of taking command of a boat's crew. If convenient to Board and applicant, written examination may be given in lieu of oral examination.

(g) The examination shall consist of questions regarding lifeboats and life rafts, the names of their essential parts, and a description of the required equipment; the clearing away, swinging out, and lowering of boats and rafts, the handling of boats under oars, including questions relative to the proper handling of a boat in running before a heavy sea, in pulling into a sea, etc.; the construction and functions of gravity, radial, and quadrantal types of davits. There shall also be included questions concerning the applicant's knowledge of nautical terms; boxing the compass, either by degrees or points according to his experience; running lights,

[1] Form 719–B was filed with the Division of the Federal Register; copies are available upon application to Bureau of Marine Inspection and Navigation, Department of Commerce.

passing signals, fog signals for vessels on high seas, in inland waters, or on the Great Lakes depending upon the waters on which the applicant has had service; distress signals; knowledge of commands in handling the wheel by obeying orders passed to him as "wheelsman" and knowledge of the use of engine room telegraph or bell-pull signals.

(h) In the actual demonstration, the applicant shall show his ability by taking command of a boat and directing the operation of clearing away, swinging out, lowering the boat into the water, and acting as coxswain in charge of the boat under oars. He shall demonstrate his ability to row by actually pulling an oar in the boat. He shall also demonstrate knowledge of a few of the principal knots, bends, splices, and hitches in common use by actually making them.

(i) All existing certificates of service as able seaman shall be surrendered, effective December 26, 1936, or at such later date as may be fixed by the Secretary of Commerce, as authorized by the act, and the above regulations for the issuance of certificates of service as able seaman, when affecting a person surrendering a bona fide certificate and applying for a new certificate in lieu thereof, shall be modified in the following respect:

No physical examination shall be required unless the applicant in the opinion of the local inspectors obviously suffers physical defects appearing to render him incapable of performing such duties; and no further examination shall be required if the local inspectors are satisfied—from the statements submitted by him in his affidavit and application, or from other evidence—that the applicant is qualified as an able seamen. The local inspectors shall also satisfy themselves that the applicant surrendering the certificate is the bona fide holder thereof before issuing a new certificate.

SEC. 4. *Lifeboat Man (Sec. 1 (d) act of June 25, 1936, amending Sec. 13, act, March 4, 1915).*—(a) An applicant for a certificate of efficiency as lifeboat man shall have the qualifications and satisfactorily pass the examination prescribed by the existing rules and regulations of the Board of Supervising Inspectors. The certificates shall be issued to successful applicants by the local inspectors.

(b) All existing certificates of efficiency as lifeboat man shall be surrendered, effective December 26, 1936, or at such later date as may be fixed by the Secretary of Commerce, as authorized by the act, and a new certificate will be issued in lieu thereof, upon application therefor. No further examination shall be required if the local inspectors are satisfied—from statements submitted by him in his affidavit and application, or from other evidence—that the applicant is qualified as a lifeboat man. The local inspectors shall also satisfy themselves that the applicant surrendering the certificate is the bona fide holder thereof before issuing a new certificate.

SEC. 5. *Qualified Member of the Engine Department (Sec. 1 (e) act of June 25, 1936, amending Sec. 13, act of March 4, 1915).*—(a) A qualified member of the engine department is any person below the rating of licensed officer and above the rating of coal passer, or wiper, who holds a certificate of service as such qualified member of the engine department issued by a board of local inspectors of the Bureau of Marine Inspection and Navigation. An applicant for a certificate of service as qualified member of the engine department shall have had at least 6 months' service at sea in the engine department of a vessel required to have certificated men and shall produce satisfactory documentary evidence of such service.

(b) No candidate for a certificate of service as a qualified member of the engine department shall be examined until he presents a certificate of a physician of the United States Public Health Service, or reputable physician acceptable to the local inspectors, attesting that his eyesight, hearing, and physical condition are such that he can perform the duties required of a qualified member of the engine department.

(c) Before such a certificate is issued to any applicant, he shall prove to the satisfaction of the board of local inspectors by an oral examination that he is trained in the duties required by his certificate. If convenient to board and applicant, written examination may be given in lieu of oral examination.

(d) Examinations shall consist of the following:

Fireman.—Applicant shall be examined on boiler operation, especially on oil burning systems and the hazards due to the accumulation of oil in the furnaces or bilges, or on fire room floors and tank tops. He shall have a good working knowledge of the use of water feeding devices, water indicators, pressure gages, safety valves, etc.

Oiler.—Applicant shall be given an examination on the operation of propelling units and lubricating systems and shall have a knowledge of the use of telegraphic or other maneuvering signals, also of the operation of auxiliaries.

Water tender.—The applicant shall be required to pass an examination on pumps, heaters, injectors, or other methods of feeding, also on burners and other equipment connected with fuel systems. He shall also be examined as to the maintenance of a safe water level in the boilers, the piping and connections used in the feed and blow-off systems, and the hazards incurred from low water. He shall also have a thorough knowledge of the engine and fireroom firefighting equipment.

Deck engineer.—The applicant shall be examined as to his knowledge of auxiliary machinery, such as winches, anchor windlasses, steering gear, etc., also telemotors and fire extinguishing apparatus for cargo holds and confined spaces on deck.

Refrigerating engineer.—Applicant shall be examined as to his knowledge of the principles of refrigeration, the operation and maintenance of refrigerating machinery, and the hazards which prevail in the use of certain refrigerants, also as to his knowledge of how to act in any emergency, such as the accidental release of the refrigerant into the refrigerating space.

(e) An applicant holding a certificate of service for a particular rating as qualified member of the engine department and desiring certification for another rating covered by this same form of certificate may, upon qualifying therefor, have endorsement made on the back of his certificate covering such certification.

(f) Personnel employed in the engine department of vessels covered by sec. 1 (e) of the act of June 25, 1936, amending sec. 13 of the act of March 4, 1915, and having the required sea service of 6 months on the effective date of these regulations need pass only the oral examination provided herein. No physical examination shall be required unless the applicant, in the opinion of the local inspectors, obviously suffers physical defects appearing to render him incapable of performing such duties.

SEC. 6. *Certificates of Service for Ratings Other than Able Seaman or Qualified Member of the Engine Department (Sec 1 (g), act, June 25, 1936, amending sec. 13, act, March 4, 1915).*—(a) Certificates of service shall be issued to applicants for ratings other than able seamen or qualified members of the engine department, which certificates shall authorize the holders thereof to serve in the capacity specified therein. The applicant, however, shall produce satisfactory evidence to the local inspectors of his ability to perform the duties of the position for which he desires to be certificated.

(b) An applicant for a certificate of service as radio operator shall produce to the local inspectors his unexpired license to act in that capacity from the Federal Communications Commission.

(c) No examination will be required for such certificates of service except that applicants for ratings contemplating the handling of food shall produce a certificate from a physician of the U. S. Public Health Service, or a reputable physician acceptable to the local inspectors, stating that he is free from communicable disease.

(d) An applicant for a certificate of service as deck boy shall produce a certificate from a physician of the U. S. Public Health Service, or reputable physician acceptable to the local inspectors, that he is qualified physically.

(e) No holder of a certificate of service as a deck boy may receive a certificate of service as ordinary seaman until he shall have had an aggregate of 6 months' service as deck boy.

(f) An applicant holding a certificate of service for a rating other than able seaman, or qualified member of the

engine department, and desiring certification for another rating covered by this same form of certificate may have endorsement made on the back of his certificate covering such certification, without examination; except that, if the endorsement is for a rating contemplating the handling of food the applicant shall produce a certificate from a physician of the U. S. Public Health Service, or reputable physician acceptable to the local inspectors, stating that he is free from communicable disease.

SEC. 7. *Rules for Preparation and Issue of Certificates of Service and Efficiency.*—(a) Upon application of any person for a certificate of service or efficiency, it shall be the duty of the board of local inspectors to give the applicant the required examination as soon as practicable in every case where an examination is required.

(b) Upon satisfactory completion of the prescribed examination, the board of local inspectors shall prepare an original of each certificate which shall be delivered to the applicant. The board shall complete one stub record to be forwarded to the Bureau in Washington, together with the original copy of the completed application. Another stub record shall be completed and retained in the local office.

(c) Before delivery of the original certificate, the inspectors shall place one of the photographs in the proper position upon the certificate, and the seaman shall affix his signature partly over his photograph on the certificate in such manner as not to deface or obscure any of the features, and shall likewise affix his signature to each of the stubs. The seaman may at his option impress his left thumb print on the back of the certificate and upon each of the stubs. When the seaman has no left thumb, the imprint of the right thumb may be used and that fact noted.

(d) Each certificate shall be impressed with the seal of the issuing board, placed partially over the signature and photograph of the applicant. Each member of the issuing board shall affix his signature. The name of the issuing port, date of issue, and other pertinent information required to be shown on the certificate, including the proper discharge book number, shall be properly entered.

(e) Any applicant for a certificate of service or of efficiency who has been duly examined and refused by a board of local inspectors will not be permitted to make application for reexamination until 30 days have elapsed.

(f) A certificate of service or of efficiency is subject to suspension or revocation if the holder thereof is found guilty of any act of incompetency or misconduct or any act in violation of the provisions of Title 52 of the Revised Statutes or of any of the regulations issued thereunder. Such suspension or revocation shall be in accordance with the provisions of 4450 R. S., as amended.

(g) If an applicant has had a certificate revoked and if seeking a new one, the local inspectors shall, before issuing a new certificate, forward to the Bureau a full report with reference thereto.

(h) Any person whose certificate of service or of efficiency has been stolen, lost, or destroyed, shall report that fact to a board of local inspectors as soon as possible, and if a duplicate certificate is desired, shall make affidavit in duplicate on Form 719–e, furnishing the same number of photographs as provided for in the case of an application for an original certificate. The board of local inspectors shall forthwith transmit the original copy of the affidavit and two photographs to the Director of the Bureau of Marine Inspection and Navigation, who shall thereupon cause to be prepared a certificate which shall be similar to the former certificate, bear the same book number as the former certificate, and be marked "duplicate." The certificate shall then be forwarded to the proper board of local inspectors, who shall issue the duplicate certificate in the same manner as an original.

(i) Whenever a certificate of service or of efficiency is reported to a board of local inspectors as having been stolen, lost, or destroyed, the local inspectors shall immediately report the fact by letter to the Director of the Bureau of Marine Inspection and Navigation, giving all the facts incident to its loss or destruction. By the same procedure, they shall report the recovery of any certificate of service or of efficiency together with all facts incident to its recovery, and shall forward the recovered certificate to the Director of the Bureau of Marine Inspection and Navigation. The Bulletin published monthly by the Bureau shall contain information of reported loss, theft, revocation, or suspension of certificates.

SEC. 8. *Rules and Regulations covering Discharge of Seamen.*—(a) Upon the discharge of any seaman and payment of his wages, the shipping commissioner, or collector or deputy collector of customs, at ports where no shipping commissioner has been appointed, shall enter in the continuous discharge book the name, class, and official number of the vessel; the nature of the voyage; the date and place of shipment and of discharge of such seaman; and the rating then held by the seaman. Whenever a seaman is discharged in any collection district, where no shipping commissioner has been appointed, or other officer designated to act as such, the master of the vessel shall perform the duties of the shipping commissioner and shall make the proper entries in the continuous discharge book. In cases where the law does not require the seaman to be shipped and discharged before a shipping commissioner, the master of the vessel shall make the required entries in the continuous discharge book. All entries shall be made in black ink.

(b) Upon the discharge of any seaman in a foreign port the master shall make the proper entries in the continuous discharge book and on the ship's articles, and such entries shall be attested to by the consular officer. If the seaman has lost his continuous discharge book the master shall furnish him with a temporary certificate of discharge (Form 719–A), attested to by the consular officer and note this fact on the articles.

(c) If a seaman loses his continuous discharge book by shipwreck or other casualty, he will be furnished with a duplicate book free of charge upon application to a shipping commissioner or collector or deputy collector of customs at ports where no shipping commissioner has been appointed. In other cases of loss, a charge shall be made for a duplicate book in an amount equivalent to the cost thereof.[1]

(d) The application for such duplicate book shall be made in the form of an affidavit on Form 719–e and three (3) photographs furnished. The shipping commissioner, or collector or deputy collector of customs, shall transmit the original copy of the affidavit and two (2) photographs to the Director of the Bureau of Marine Inspection and Navigation who shall thereupon cause to be prepared a continuous discharge book, bearing the same number as the former book, and marked "duplicate." The book shall then be forwarded to the proper shipping commissioner or collector or deputy collector of customs, who shall issue the duplicate book in the same manner as an original.

(e) Whenever a continuous discharge book is reported to a shipping commissioner or collector of customs as having been stolen, lost, or destroyed, the shipping commissioner or collector of customs shall immediately report the fact by letter to the Director of the Bureau of Marine Inspection and Navigation, giving all the facts incident to its loss or destruction. By the same procedure, he shall report the recovery of a continuous discharge book with all the facts incident to its recovery, and shall forward the recovered book to the Director of the Bureau of Marine Inspection and Navigation.

(f) Pending the issuance of a duplicate book, the shipping commissioner, or collector or deputy collector of customs, at ports where no shipping commissioner has been appointed, may furnish the seaman with a temporary certificate of discharge (Form 719–A) at the completion of the voyage, and this fact shall be noted on the articles. When the duplicate book has been issued, the record of shipment and discharge as shown on the temporary discharge will be entered in the book, and the temporary discharge shall be surrendered to the issuing officer.

(g) To facilitate the keeping of a complete record of the entries made in the continuous discharge books, the Shipping Articles have been revised to include the following items:

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[1] See p. 2246.

On the front of the agreement the following information has been added: Name of ship; official number; port of registry; date of registry; registered tons; gross and net; horsepower of engines; name and address of the registered managing owner or operator; number of seamen and apprentices for which accommodations are certified; and class of ship.

(h) Columns have been added to the articles under "Particulars of engagement" for entering the continuous discharge book number and serial number of license or certificate of service; and under "Particulars of discharge", columns have been added to show the place, date, and cause of leaving ship, or of death, also a column for mutual release.

(i) On the back of the Shipping Articles the following have been added:

A certification to the effect that such entries as are authorized by section 3 of the act of June 25, 1936, to be made in the continuous discharge books agree with those made on the articles, to be signed by the U. S. Shipping Commissioner or other officer duly authorized to act as such.

A table showing citizenship requirements.

A recapitulation for showing the percentage of Americans on the articles and a certification as to the correctness of same to be signed by the U. S. Shipping Commissioner or other officer duly authorized to act as such.

A summary to show the different nationalities of the crew, segregated by departments.

Extracts from the laws for the information of masters.

(j) In the future Shipping Articles shall be made out in triplicate. One of the copies shall be retained by the shipping commissioner and the original and a copy given to the master who shall enter therein any changes made in the crew during the voyage. In case of the paying off of any members of the crew during the voyage, they shall be required to sign the mutual release on both the original and the duplicate of the articles whether discharged before a shipping commissioner in an American port or before an American Consul in a foreign port. At the completion of the voyage, when the crew is paid off, the mutual release on both the original and the duplicate of the articles must be signed by all members of the crew; and the original copy, which must contain a complete record of the entries made in all continuous discharge books, shall be forwarded to the Bureau at Washington. The duplicate copy shall be retained by the shipping commissioner.

(k) All columns on the Shipping Articles shall be properly filled in and the certifications on the back properly signed. All entries made in the continuous discharge books shall be shown on the ship's articles.

(l) Every seaman shall be required when signing articles, to produce his continuous discharge book or temporary certificate of discharge, as well as his license or certificate of service, in order that the serial numbers may be entered on the articles.

The foregoing supersedes any rules and regulations heretofore issued conflicting herewith.

Approved, December 22, 1936.

DANIEL C. ROPER,
Secretary of Commerce.

[F. R. Doc. 3936—Filed, December 23, 1936; 10:28 a. m.]

FEDERAL POWER COMMISSION.

Commissioners: Frank R. McNinch, Chairman; Basil Manly, Vice Chairman; Herbert J. Drane, Claude L. Draper, Clyde L. Seavey.

[Project No. 1362]

NOTICE OF HEARING

APPLICATION OF WILLIAM GRAY MEHARG

Upon application filed February 10, 1936, by William Gray Meharg, of Anniston, Alabama, for a preliminary permit for a proposed project consisting of a power house, appurtenant works, and equipment to utilize the surplus water or water power from United States Dam No. 2 in Coosa River in Calhoun and St. Clair Counties, Alabama;

And upon protest of Alabama Power Company against the granting of a preliminary permit to the applicant for the proposed project;

It is ordered:

That a hearing be held on the said application and all protests filed against the approval thereof in the Commission's hearing room, Carpenters Building, 1003 K Street NW., Washington, D. C., beginning at 10 a. m., on the 22nd day of January 1937.

Adopted by the Commission on December 22, 1936.

[SEAL] LEON M. FUQUAY,
Acting Secretary.

[F. R. Doc. 3937—Filed, December 23, 1936; 10:36 a. m.]

FEDERAL TRADE COMMISSION.

United States of America—Before Federal Trade Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 21st day of December A. D. 1936.

Commissioners: Charles H. March, Chairman; Garland S. Ferguson, Jr., Ewin L. Davis, W. A. Ayres, Robert E. Freer.

[Docket No. 2447]

IN THE MATTER OF FAIRFIELD DISTILLING CO., INCORPORATED

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission under an Act of Congress (38 Stat. 717; 15 U. S. C. A., Section 41),

It is ordered that John L. Hornor, an examiner of this Commission be, and he hereby is, designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

It is further ordered that the taking of testimony in this proceeding begin on Monday, January 4, 1937, at ten o'clock in the forenoon of that day (central standard time), Court Room No. 1, Federal Building, Louisville, Kentucky.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report.

By the Commission.

[SEAL] OTIS B. JOHNSON, *Secretary.*

[F. R. Doc. 3938—Filed, December 23, 1936; 10:36 a. m.]

United States of America—Before Federal Trade Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 21st day of December A. D. 1936.

Commissioners: Charles H. March, Chairman; Garland S. Ferguson, Jr.; Ewin L. Davis; W. A. Ayres; Robert E. Freer.

[Docket No. 2454]

IN THE MATTER OF BYRD DISTILLING COMPANY

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U. S. C. A., Section 41),

It is ordered that John L. Hornor, an examiner of this Commission, be, and he hereby is, designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

It is further ordered that the taking of testimony in this proceeding begin on Monday, January 4, 1937, at one o'clock in the afternoon of said day (central standard time), in court room No. 1, Federal Building, Louisville, Kentucky.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report.

By the Commission.

[SEAL] OTIS B. JOHNSON, *Secretary.*

[F. R. Doc. 3940—Filed, December 23, 1936; 10:36 a. m.]

United States of America—Before Federal Trade Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 21st day of December A. D. 1936.

Commissioners: Charles H. March, Chairman; Garland S. Ferguson, Jr., Ewin L. Davis, W. A. Ayres, Robert E. Freer.

[Docket No. 2479]

IN THE MATTER OF SUNNYLAND DISTILLING CO., INC.

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U. S. C. A., Section 41),

It is ordered that John L. Hornor, an examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

It is further ordered that the taking of testimony in this proceeding begin on Monday, January 4, 1937, at three o'clock in the afternoon of that day (central standard time), in court room number one, Federal Building, Louisville, Kentucky.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report.

By the Commission.

[SEAL] OTIS B. JOHNSON, *Secretary.*

[F. R. Doc. 3939—Filed, December 23, 1936; 10: 36 a. m.]

United States of America—Before Federal Trade Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 17th day of December A. D. 1936.

Commissioners: Charles H. March, Chairman; Garland S. Ferguson, Jr., Ewin L. Davis, W. A. Ayres, Robert E. Freer.

[Docket No. 2790]

IN THE MATTER OF DR. H. B. NORTON SHOE CO., INC., A CORPORATION, DR. H. B. NORTON AND BENJAMIN WEINSTEIN, TRADING AS THE FOOT HEALTH INSTITUTE

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U. S. C. A., Section 41),

It is ordered that John W. Norwood, an examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

It is further ordered that the taking of testimony in this proceeding begin on Tuesday, January 5, 1937, at ten o'clock in the forenoon of that day (eastern standard time), in room 313, U. S. Post Office, Ninth Street Annex, Philadelphia, Pennsylvania.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report.

By the Commission.

[SEAL] OTIS B. JOHNSON, *Secretary.*

[F. R. Doc. 3941—Filed, December 23, 1936; 10:37 a. m.]

INTERSTATE COMMERCE COMMISSION.

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 30th day of November A. D. 1936.

[No. MC 86351]

APPLICATION OF GLOBE EXPRESS AND STORAGE COMPANY FOR AUTHORITY TO OPERATE AS A COMMON CARRIER

In the Matter of the Application of Globe Express and Storage Company, a Corporation, of 6716 South Cottage Grove Avenue, Chicago, Ill., for a Certificate of Public Convenience and Necessity (Form BMC 8, New Operation) Authorizing Operation as a Common Carrier by Motor Vehicle in the Transportation of New and Used Household Goods and Business Equipment, in Interstate Commerce, Between Chicago, Ill., and Points Located in the States of Alabama, Delaware, Connecticut, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, Virginia, Wisconsin, and the District of Columbia, Over Irregular Routes

A more detailed statement of route or routes (or territory) is contained in said application, copies of which are on file and may be inspected at the office of the Interstate Commerce Commission, Washington, D. C., or offices of the boards, commissions, or officials of the States involved in this application.

It appearing, That the above-entitled matter is one which the Commission is authorized by the Motor Carrier Act, 1935, to refer to an examiner:

It is ordered, That the above-entitled matter be, and it is hereby, referred to Examiner F. D. Binkley for hearing on the 12th day of January A. D. 1937, at 10 o'clock a. m. (standard time), at the Hotel Sherman, Chicago, Ill., and for recommendation of an appropriate order thereon accompanied by the reasons therefor;

It is further ordered, That notice of this proceeding be duly given;

And it is further ordered, That any party desiring to be notified of any change in the time or place of the said hearing (at his own expense if telegraphic notice becomes necessary) shall advise the Bureau of Motor Carriers of the Commission, Washington, D. C., to that effect by notice which must reach the said Bureau within 10 days from the date of service hereof and that the date of mailing of this notice shall be considered as the time when said notice is served.

By the Commission, division 5.

[SEAL] GEORGE B. MCGINTY, *Secretary.*

[F. R. Doc. 3940—Filed, December 23, 1936; 12:05 p. m.]

[Fourth Section Application No. 16666]

OITICICA OIL, CAKE, AND MEAL FROM AND TO THE SOUTH

DECEMBER 23, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: J. E. Tilford, Agent.
Commodities involved: Oiticica oil, cake and meal in carloads.
From, to, and between: Points in the South.
Grounds for relief: To maintain grouping.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, *Secretary.*

[F. R. Doc. 3947—Filed, December 23, 1936; 12:05 p. m.]

[Fourth Section Application No. 16667]

NEWSPRINT PAPER FROM ROANOKE, VA., TO GREENSBORO, N. C.

DECEMBER 23, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: J. E. Tilford, Agent.
Commodities involved: Newsprint paper, in carloads.
From: Roanoke, Va. (when originating at points in Canada).
To: Greensboro, N. C.
Grounds for relief: Carrier competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, *Secretary.*

[F. R. Doc. 3948—Filed, December 23, 1936; 12:05 p. m.]

[Fourth Section Application No. 16668]

CAST IRON PIPE FROM THE SOUTH

DECEMBER 23, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: J. E. Tilford, Agent.
Commodity involved: Cast iron pipe prepared joints.
From: Points in the South.
To: Points in Western Trunk Line.
Grounds for relief: Carrier competition; analogous commodities.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, *Secretary.*

[F. R. Doc. 3949—Filed, December 23, 1936; 12:05 p. m.]

[Fourth Section Application No. 16669]

CAST IRON PIPE TO SOUTH

DECEMBER 23, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: J. E. Tilford, Agent.
Commodity involved: Cast iron pipe prepared joints.
From: Official territory.
To: The South.
Grounds for relief: Carrier competition; analogous commodity.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, *Secretary.*

[F. R. Doc. 3950—Filed, December 23, 1936; 12:05 p. m.]

SECURITIES AND EXCHANGE COMMISSION.

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 19th day of December A. D. 1936.

[File No. 2-2621]

IN THE MATTER OF INSURANCE INVESTORS FUND, INCORPORATED

ORDER FIXING TIME AND PLACE OF HEARING UNDER SECTION 8 (D) OF THE SECURITIES ACT OF 1933, AS AMENDED, AND DESIGNATING OFFICER TO TAKE EVIDENCE

It appearing to the Commission that there are reasonable grounds for believing that the registration statement filed by Insurance Investors Fund, Incorporated, under the Securities Act of 1933, as amended, includes untrue statements of material facts and omits to state material facts required to be stated therein and material facts necessary to make the statements therein not misleading.

It is ordered that a hearing be held pursuant to the provisions of Section 8 (d) of said Act as amended, such hearing to be convened on December 30, 1936, at 10 o'clock, in the forenoon, in Room 1103, Securities and Exchange Commission Building, 1778 Pennsylvania Avenue NW., Washington, D. C., and to continue thereafter at such time and place as the officer hereinafter designated may determine; and

It is further ordered that Richard Townsend, an officer of the Commission, be and he hereby is designated to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law.

Upon the completion of testimony in this matter, the officer is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 3951—Filed, December 23, 1936; 12:52 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 22nd day of December A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE SKELLY-DITTMERS FARM, FILED ON DECEMBER 15, 1936, BY AMERICAN STATES OIL COMPANY, RESPONDENT

SUSPENSION ORDER, ORDER FOR HEARING (UNDER RULE 340 (A)), AND ORDER DESIGNATING TRIAL EXAMINER

The Securities and Exchange Commission, having reasonable grounds to believe, and therefore alleging, that the offering sheet described in the title hereof and filed by the respondent named therein is incomplete or inaccurate in the following material respects, to wit:

(1) In that Division III does not set forth clearly and fully the data used nor fully explain how the various factors were determined, nor give reasons for their use in the estimation of recoverable oil.

(2) In that it is not explained fully in Division III the reasons for assuming that the non-productive portion of this tract will be productive.

It is ordered, pursuant to Rule 340 (a) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the effectiveness of the filing of said offering sheet be, and hereby is, suspended until the 21st day of January 1937 that an opportunity for hearing be given to the said respondent for the purpose of determining the material completeness or accuracy of the said offering sheet in the respects in which it is herein alleged to be incomplete or inaccurate, and whether the said order of suspension shall be revoked or continued; and

It is further ordered that Richard Townsend, an officer of the Commission, be, and hereby is, designated as trial examiner to preside at such hearing, to continue or adjourn the said hearing from time to time, to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, consider any amendments to said offering sheet as may be filed prior to the conclusion of the hearing, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law; and

It is further ordered that the taking of testimony in this proceeding commence on the 5th day of January 1937 at 10:30 o'clock in the forenoon, at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and continue thereafter at such times and places as said examiner may designate.

Upon the completion of testimony in this matter the examiner is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 3952—Filed, December 23, 1936; 12:52 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 22nd day of December A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE WESTERN STATES-HADDOCK FARM, FILED ON DECEMBER 15, 1936, BY ALEX MACDONALD, RESPONDENT

SUSPENSION ORDER, ORDER FOR HEARING (UNDER RULE 340 (A)), AND ORDER DESIGNATING TRIAL EXAMINER

The Securities and Exchange Commission, having reasonable grounds to believe, and therefore alleging, that the offering sheet described in the title hereof and filed by the respondent named therein is incomplete or inaccurate in the following material respects, to wit:

(1) In that the smallest fractional interest being offered, as stated in Item 1, Division II, does not agree with the interest described in Exhibit B.

(2) In that the offering sheet purports to describe a landowner's Producing Royalty Interest while Exhibit B covers an Over-Riding Royalty.

It is ordered, pursuant to Rule 340 (a) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the effectiveness of the filing of said offering sheet be, and hereby is, suspended until the 21st day of January 1937 that an opportunity for hearing be given to the said respondent for the purpose of determining the material completeness or accuracy of the said offering sheet in the respects in which it is herein alleged to be incomplete or inaccurate, and whether the said order of suspension shall be revoked or continued; and

It is further ordered that Richard Townsend, an officer of the Commission, be, and hereby is, designated as trial examiner to preside at such hearing, to continue or adjourn the said hearing from time to time, to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, consider any amendments to said offering sheet as may be filed prior to the conclusion of the hearing, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law; and

It is further ordered that the taking of testimony in this proceeding commence on the 5th day of January 1937, at 10:00 o'clock in the forenoon, at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and continue thereafter at such times and places as said examiner may designate.

Upon the completion of testimony in this matter the examiner is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 3953—Filed, December 23, 1936; 12:52 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 22nd day of December A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE WINKLER-KOCH-PHILLIPS-BEMIS FARM, FILED ON DECEMBER 15, 1936, BY SETH WINNER, RESPONDENT

SUSPENSION ORDER, ORDER FOR HEARING (UNDER RULE 340 (A)), AND ORDER DESIGNATING TRIAL EXAMINER

The Securities and Exchange Commission, having reasonable grounds to believe, and therefore alleging, that the offering sheet described in the title hereof and filed by the respondent named therein is incomplete or inaccurate in the following material respects, to wit:

1. In that the date in Division I when the information contained in the sheet will be out of date is miscalculated based on Item 16 (a) of Division II;

2. In that Item 11 (c) of Division II is not up to date;

3. In that Item 15 of Division II calls for actual production, not partially allowable or estimated, figures;

4. In that the total in Item 16 (a) of Division II is likewise improper;

5. In that the figures shown in Items 16 (c) and 16 (d) of Division II are computed on the allowable, rather than actual, production figures for the months of May, June, July, October, and November, 1936;

6. In that the legal description of the property involved is omitted from Exhibit B;

It is ordered, pursuant to Rule 340 (a) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the effectiveness of the filing of said offering sheet be, and hereby is, suspended until the 21st day of January 1937, that an opportunity for hearing be given to the said respondent for the purpose of determining the material completeness or accuracy of the said offering sheet in the respects in which it is herein alleged to be incomplete or inaccurate, and whether the said order of suspension shall be revoked or continued; and

It is further ordered that Richard Townsend, an officer of the Commission be, and hereby is, designated as trial examiner to preside at such hearing, to continue or adjourn the said hearing from time to time, to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, consider any amendments to said offering sheet as may be filed prior to the conclusion of the hearing, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law; and

It is further ordered that the taking of testimony in this proceeding commence on the 5th day of January 1937 at 11:00 o'clock in the forenoon, at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue,

Washington, D. C., and continue thereafter at such times and places as said examiner may designate.

Upon the completion of testimony in this matter the examiner is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 3954—Filed, December 23, 1936, 12:53 p. m.]

Friday, December 25, 1936 *No. 203*

PRESIDENT OF THE UNITED STATES.

EXECUTIVE ORDER

ESTABLISHING CHAUTAUQUA MIGRATORY WATERFOWL REFUGE ILLINOIS

By virtue of and pursuant to the authority vested in me as President of the United States, and in order to effectuate further the purposes of the Migratory Bird Conservation Act (45 Stat. 1222), it is ordered that all lands, or lands and waters, acquired or to be acquired by the United States, in the following-described area, comprising 4,428.57 acres, more or less, in Mason County, Illinois, be, and they are hereby, reserved and set apart for the use of the Department of Agriculture, subject to valid existing rights, as a refuge and breeding ground for migratory birds and other wildlife: *Provided,* that any private lands within the area described shall become a part of the refuge hereby established upon the acquisition of title thereto or lease thereof by the United States:

THIRD PRINCIPAL MERIDIAN

Beginning at the one-quarter corner on the east boundary of sec. 36, T. 23 N., R. 8 W.

Thence from said initial point by metes and bounds in sec. 36,

S. 42°16′ W., 34.08 chains;

S. 58°28′ W., 39.01 chains, crossing the south boundary of sec. 36, to a point in sec. 1, T. 22 N., R. 8 W.;

Thence continuing in sec. 1,

S. 43°11′ W., 22.38 chains;

S. 33°45′ W., 18.26 chains, to a point on line between secs. 1 and 2;

Thence with line between secs. 1 and 2,

South, 4.98 chains, to the one-quarter corner of secs. 1 and 2;

S. 0°21′ W., 20.07 chains, to the south one-sixteenth corner of secs. 1 and 2;

Thence with the south one-sixteenth line in sec. 2,

N. 89°57′ W., 21.46 chains, to a point 1.50 chains west of the southeast one-sixteenth corner of sec. 2;

Thence continuing in sec. 2,

S. 51°53′ W., 32.14 chains, to a point on line between secs. 2 and 11, 6.89 chains west of the one-quarter corner thereof;

Thence in sec. 11,

S. 51°06′ W., 3.84 chains;
S. 57°28′ W., 3.83 chains;
S. 57°33′ W., 1.80 chains;
S. 61°29′ W., 11.52 chains;
S. 56°20′ W., 4.04 chains;
S. 43°19′ W., 4.61 chains;
S. 32°51′ W., 3.02 chains;
S. 63°47′ W., 2.84 chains;

S. 69°06′ W., 5.43 chains, to a point on line between secs. 10 and 11, 2.26 chains south of the one-quarter corner thereof;

Thence in sec. 10,

S. 66°49′ W., 10.95 chains;
N. 60°16′ W., 2.54 chains;
S. 65°44′ W., 8.63 chains;

S. 61°11′ W., 22.95 chains, to the center one-quarter corner of sec. 10;

Thence with the north-south center line of sec. 10,

S. 0°17′ W., 2.51 chains, to a point;

Thence continuing in sec. 10,

S. 56°00′ W., 48.78 chains, to a point on line between secs. 9 and 10;

Thence with line between secs. 9 and 10,

South, 5.02 chains, to a point 5.00 chains north of the corner of secs. 9, 10, 15, and 16;

Thence in sec. 9,

N. 89°04′ W., 7.27 chains;

S. 56°00′ W., 52.47 chains, crossing line between secs. 9 and 16, to a point in sec. 16;

Thence continuing in sec. 16,

S. 0°15′ W., 15.03 chains, to a point on the east and west center line of sec. 16;

Thence with east and west center line of sec. 16,

N. 89°53′ W., 10.05 chains, to the west center one-sixteenth corner of sec. 16;

Thence continuing in sec. 16,

S. 64°06′ W., 44.84 chains, crossing line between secs. 16 and 17, to the southeast one-sixteenth corner of sec. 17;

Thence with the south one-sixteenth line of secs. 17 and 18,

Westerly to the center of the Illinois River;

Thence, northeasterly, with the center of the Illinois River to a point on the east-west center line of sec. 35, T. 23 N., R. 8 W., produced.

Thence, easterly, with the east-west center line of secs. 35 and 36, to the place of beginning.

This refuge shall be known as the Chautauqua Migratory Waterfowl Refuge.

THE WHITE HOUSE, FRANKLIN D ROOSEVELT
December 23, 1936.

[No. 7524]

[F. R. Doc. 3961—Filed, December 24, 1936; 11:36 a. m.]

TREASURY DEPARTMENT.

Public Debt Service.

[Department Circular No. 530, Revised]

REGULATIONS GOVERNING UNITED STATES SAVINGS BONDS

DECEMBER 16, 1936.

To Owners of United States Savings Bonds, and Others Concerned:

Department Circular No. 530, as amended, dated December 2, 1935, is hereby amended, effective January 1, 1937, to read as follows:

The following regulations governing United States Savings Bonds are published for the information and guidance of all concerned:

I. REGISTRATION

1. United States Savings Bonds will be issued only in registered form. The owner's name and address and the date as of which the bond is issued will be inscribed thereon at the time of issue by an authorized issuing agent. Except as otherwise specifically provided in these regulations, the Treasury Department reserves the right to treat as conclusive the ownership of and interest in the bond expressed in the registration. No designation of an attorney, agent, or other representative, to receive payment on behalf of the owner may be made in the registration; for example, registration in the form "Mr. John G. Brown, payable to Mr. David R. Green, attorney-in-fact" will not be permitted. Registration will *not* be permitted in a form which purports to restrict the right of the owner or other person named in the registration to receive payment of the bond in accordance with these regulations; for example, registration in the form, "Mr. John S. Smith, under Article 10 of the will of Henry A. Jones", or "Mr. John S. Smith, legal guardian of Miss Mary B. Jones, subject to the order